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**ORGANIZATIONAL AND FINANCIAL CONSIDERATIONS OF INTER-DISTRICT
SCHOOL OF CHOICE ON ONE SMALL SCHOOL DISTRICT IN THE DETROIT
METROPOLITAN AREA**

by

LORI LUCAS

DISSERTATION

Submitted to the Graduate School

of Wayne State University,

Detroit, Michigan

in partial fulfillment of the requirements

for the degree of

DOCTOR OF PHILOSOPHY

2021

**MAJOR: EDUCATIONAL LEADERSHIP AND
POLICY STUDIES**

Approved By:

Advisor

Date

DEDICATION

To my children Shae', Alex, Jasmine, and Sofia, I am forever grateful for all the sacrifices that you had to make in order for me to complete this educational journey. Thank you for allowing me to take time out of our schedules to work on making sure that I can complete the goals in which I seek in order to better myself. I also could not ask for better children as you are my pride and joy. Shae', Alex, and Jasmine, I have learned so much throughout this process about education and how to be an advocate for your education. Sofia, I hope to continue this advocacy process for you when you enter the K-12 education system. To my husband Tim, you have been one of my biggest supporters to finish this process and I appreciate it.

I would also like to dedicate this to my family and friends who have been extremely supportive in my educational journey. This has been a long twenty years of education and having the support and advice throughout this process has been appreciative. From the babysitting to the advice given throughout this journey has helped me to succeed and reach my final milestone in education.

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CHAPTER 1: INTRODUCTION

1.1 Introduction

The founding father of market theory, Milton Friedman, was an advocate for providing students with alternative opportunities in which students could receive their education outside of their residential assigned public school. Friedman believed that public education was operating as a monopoly and wanted students to control where they attended school, since not doing so would limit students' access to an equal education. Friedman advocated for a voucher system of publicly funded but privately run schools, which he claimed would "empower people to make individual choices by providing more diverse options and lead to overall improvements in school performance" (Lubienski, 2005, p. 332).

As education as a market has emerged over the last thirty years, there have been a staggering increase in the number of inter-district school of choice participants. Carlson, et al. (2011) noted that the option of inter-district school of choice is one of the most widely used in the United States. School of choice policies provide parents with multiple choices in which they can seek an educational setting that is suitable for their child. In addition to inter-district school of choice, other choice options are: attend a school that is in the same district (intra-district), attend home-school, attend a charter school, or attend a private school.

Prior to school choice, students attended their local neighborhood school (residential assignment) or attended private schools. Local school districts were in charge of meeting the needs of students and their families, as well as their communities. Families that sent their children to the public schools did not participate and/or were not familiar with other opportunities that were provided to them. If there was a need to switch schools, parents would make the decision to move to a different district. In recent decades, many parents have decided to send their children to school

districts outside of their residency. This could have been for multiple reasons (i.e., childcare, work location, sports, STEM, etc.), and choice provided options to meet the needs of the family structure. One of these options that parents can choose from is inter-district school of choice. According to the Michigan Department of Education, inter-district choice (Cooperative Agreement Choice) is as follows:

A number of school districts may establish educational programs that permit the enrollment of a nonresident student. The agreement may be between districts in different intermediate school districts or counties. A receiving district must have a release from the resident district to count a nonresident student in membership in order to receive the foundation allowance for that student [MCL 388.1606(4)(b)]. The resident school district may approve or deny the request for the release. A cooperative choice agreement may limit the number of students participating in the program. Michigan law does not require a public school to provide inter-district choice (MDE, 2013, p. 2).

In addition, according to the Michigan Department of Education School of Choice Program (Section 105 and 105c):

The *State School Aid Act* provides each local school board with the option to participate in the state schools of choice program under sections 105 and 105c [MCL 388.1705 and 388.1705c]. The decision to participate in the program under one or both of the section(s) of this legislation is voluntary. Section 105 schools of choice programs provide students with the option to enroll in another school district that is within the same intermediate school district as their own. Section 105c schools of choice programs provide students with the option to enroll in a school district that is within another intermediate school district, but shares a boundary line with their intermediate school district.

1.2 Problem Statement

For Michigan school districts, with the varying degrees of school choice options for students, choice can create financial and organizational stress if they do not have consistency in the number of students that attend their respective district from year to year. For districts, this can present a problem as to how to determine what their fixed and/or variable costs are on a yearly basis if they do not have an organizational structure that is flexible to these changes. This study examined how the costs and revenues associated with student enrollment caused changes in the

structure/program offerings at Briar Stone School District (pseudonym). The financial implications of inter-district choice can directly affect the ways local school districts allocate funds and organize their resources throughout the district. This study expanded on the existing literature related to school choice by examining how one district in Metro Detroit, Briar Stone School District, responded to the demands of inter-district school choice.

Considering that inter-district school choice policy can affect the financial structure of a school system, it was informative to explore how the district responded during a ten-year time frame. It is also important to note that the time frame of this study also coincided with the time frame in which the per-pupil funding had declined, for a three-year time frame (2010-2012). This is important to examine as the study reviewed the impact of inter-district school choice and how the increases and/or decreases affected the total foundation revenue for districts. Arsen et al. (2015) notes that when there are differential patterns of district enrollment change that it can have a far greater impact on the overall foundation funding available to local school district decision makers.

In addition, Edger and McDonald (2012) state that the local governments are bearing a substantial burden due to the high cost of public school finance, which has increased over the last decade despite rising competition for other spending priorities. In the State of Michigan, school funding is allocated based on a state formula foundation allowance which provides a certain amount of funding for every student that local school districts receive based upon a state generated formula (Spaulding, 2013). This foundational allowance, in essence, places each student with a price tag on his or her education based upon the residential district that they are assigned to.

These various funding levels can present a problem to school districts should a student leave the neighboring school district as they take their funding with them. Reback (2008) states that when you have a student that decides to switch to a non-residential district that the foundation

allowance from the residential district will experience a financial loss which is equal to the foundational allowance that moves with the student to their new non-residential school. This in turn allows the school of choice to receive these funds. This foundation allowance will vary by district and may not match the amount their students are receiving in per pupil foundation. The mismatch in funds could result in the receiving district having to move funds to meet the per pupil foundation for the student(s). Addonizio and Kearney (2012) state that when students move out of their residential district, it creates financial winners and losers as the foundational allowances are taken from the residential district and moved to the new non-residential district.

Hoxby (2007) also references how any option of choice can affect both the size and impact of a schools' ability to stay open, as any influx or exodus of student enrollment creates a situation of financial uncertainty. When looking at this through this lens of a revenue and/or loss, Arsen and Ni (2012) state that:

If the loss of revenue when a student leaves is less than the marginal cost of educating that student, then the school actually benefits financially from declining enrollment. But if, on the other hand, revenues decline faster than costs when students leave, schools losing students have difficulty avoiding cuts to existing programs; still less are they able to marshal resources necessary to improve services (p. 197).

This imbalance of funding is problematic in Michigan, as the law requires that both the local and intermediate districts keep a positive fund balance and should not operate in a deficit (Olson & LaFaive, 2007). Prior to 2011, school districts were under what was called the "Local Government Fiscal Responsibility Act" (PA 72). Under PA 72, the state government was only to interfere when there were serious issues related to funding of school districts. The government only interfered when the local school district was in financial distress/emergency. The reporting mechanisms for PA 72 were less restrictive than the newly implemented Local Government and

School District Accountability Act (PA 4, 2011). This will be discussed in more detail in the background section.

1.3 Purpose Statement

The purpose of this narrative case study was to examine the organizational and fiscal health of one school district in Metro Detroit, Briar Stone School District, as it relates to inter-district school of choice. The overall goal for this research study was to provide an examination of the rate of inter-district transfer, both within and outside of this school district, and how these transitions financially impact the school district. For this study, the focus was on residential students attending the district, residential students that left for other districts and non-residential students to see, if, inter-district choice impacted the organizational structure, if any, and how the district financially prepares for these changes in enrollment.

1.4 Research Questions

This study will address the following questions:

R1: What is the relationship between inter-district school of choice and the fiscal health of Briar Stone School District?

R2: How does the inter-district school of choice funding change the organization of the Briar Stone School District (i.e., school closure, human resource management, special programming, etc.), or does it stay the same?

1.5 Background and Context

In the first year of the implementation of the School of Choice policy, there were few students and parents that chose to use this option. Today, the number of students who are using the Schools of Choice policy has dramatically increased. According to the MI School Data portal (2019), around seven percent of Michigan public school students attend either a charter school or

a non-resident public school instead of their residential school because of the School of Choice policy. According to Pogodzinski et al. (2018), in the academic year 2014-15, there were around 33% of Michigan students who were enrolled in non-resident districts.

Public Act (PA) 4 was implemented by former Governor Rick Snyder in March of 2011. The new act allowed the governor to appoint an emergency manager when a district is deemed to be in financial distress. The assigned financial manager, outside of the district, would then be responsible for all aspects of the school district which includes instruction and human resources. To date, there have been three school districts in which emergency managers have been required. The three school districts are Detroit Public Schools, Highland Park Schools, and Inkster School District. There have been other school districts that had to fight to keep their district from being taken over by the state. For example, Pontiac Schools was able to come to an agreement to have a state consultant and not an emergency manager. Kate Wells of Michigan Public Radio, in a 2016 podcast, noted that four schools in Macomb County: East Detroit Schools, Roseville Community Schools, Van Dyke Public Schools and Mount Clemens Community Schools, sought and won a temporary restraining order that would have given these schools districts a CEO to run and manage certain schools that were in jeopardy of being closed.

Over the years, Briar Stone School District was also a district that reported financial distress. This was a result of students leaving the district and/or aging of the population in the district, as well as students entering the district with a lower foundation allowance. In the state of Michigan, school districts that are operating with a deficit fund balance are mandated by the Michigan Department of Education under section 1220 of the Revised School Code (MCL 380.1220). This code requires that the Michigan Department of Education submit reports on districts that are in a deficit. These reports are to go to the legislative standing committees that are

responsible for K-12 education. It is the responsibility of the State Superintendent to present these reports in front of the appropriations subcommittees of the legislature responsible for K-12 school aid appropriations.

In Michigan, the Department of Education allows for students to leave their residential schools to attend the noted school of choice options. This structure allows the school districts to compete for students who are seeking an education (Citizens Research Council of Michigan, 2010). This reform and intense competition for students would not have been possible if it were not for policymakers, at the state level, as students now have a dollar sign, per se, attached to them. This funding allocation has forced districts that are losing students to review how they spend their money as well as how to attract new students in order to make sure that their fund balance stays positive. The Citizens Research Council of Michigan (2010) believes that this type of competition will force districts to examine how they spend their resources which includes how to attract new students. This could lead to districts having to spend more money in the classrooms while also offering more specialized programs, cultivating better relationships with parents and the community, reevaluating the district's priorities and procedures, and, if necessary, add marketing to their budgets which can create district winners and losers. It is up to the individual school districts to find creative ways to retain their current students while also making sure that they market their district to other students to stay competitive and financially stable.

1.6 Significance of the Study

Some Michigan school districts face pressures to maintain a fund balance in the wake of stagnant or declining student population, often leading to declining revenue coupled with increasing costs. Michigan public schools are becoming more and more vulnerable to Emergency Managers, such as Detroit Public Schools Community District (DPSCD), with some even closing

their doors for good like the Highland Park and Inkster School Districts. This pressure and vulnerability that some school districts are facing has caused their administration/local school boards to reevaluate their strategies and approaches for marketing their school district. In an inter-district public school choice program, Reback (2008) reports that administrators are looking closely at their student numbers and resources in order to determine the marginal costs of having school of choice students as well as the marginal benefits of having these students. This process of weighing the options provides the district with a better sense of how many and more specifically, the advanced demographics (i.e. special education, English language learners, etc.) of students they can accept without financially overcommitting resources. These administrators want to be mindful of having a capacity that provides enough funding to provide resources such as teaching staff, educational materials, etc.

As part of this study, there was a review of Briar Stone School District's reported MI School Data for the academic years 2010-2020 for two purposes. The first purpose was to gather information that pertained to inter-district school of choice entrance and exodus in the district by academic year. The second purpose was to gather information regarding the financial budget of the school district for the specified academic years. In addition to MI School Data, school board minutes and agendas from academic years 2015-20 were used to analyze the discussions around resources and funding for the Briar Stone School District.

Interviews were conducted with former school district representatives who have organizational knowledge as well as financial information about what the district has been doing in order to combat the inter-district transfer at Briar Stone School District. In addition, I used publicly available data through the use of MI School Data to guide the questions that were asked to the school district representatives.

1.7 Definition of Key Terms

1. Bureaucracy: A burgeoning technology for social organization based on a division of labor, formality, and other qualities” (Weber, 1946).
2. General Fund Balance: “An amount of money in a district’s general fund that it does not spend, but saves” (Olson and LaFaive, 2007).
3. Deficit District Information: A district, as defined by the Michigan Department of Education, “is considered to have a deficit fund balance if it has adopted a deficit budget or incurred an operating deficit as evidenced by the following: A) Its Total General Fund balance is negative, or projected to be negative at the end of the current fiscal year; or, B) Other funds have negative fund balances or projected negative fund balances that are greater than the General Fund balance.”
4. Inter-district school of choice (Michigan): Allows students to apply to attend schools in other school districts.
5. Loose Coupling: Anything that may be tied together either weakly or infrequently or slow or with minimal interdependence.
6. Mimesis: response to uncertainty (Selznick, 1996, p, 273)
7. Organizational Theory: The study of how organizations work and why they are or are not successful.
8. Societal Sector: “(1) that set of organizations directly supplying particular kinds of goods and services to consumers, as well as (2) the organizations and agencies that regularly interact with, support, or attempt to govern these organizations” (DiMaggio and Powell, 1983; Scott and Meyer, 1991)

9. State School Aid Act (MCL 388.1702): A district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and shall not incur an operating deficit in a fund during a school fiscal year. A district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district submits to the department for approval of a budget for the current fiscal year and a plan to eliminate the deficit no later than the end of the second fiscal year after the deficit was incurred.
10. Technical Efficiency: Effectiveness with which a given set of inputs is used to produce an output. A school is said to be technically efficient if the district is producing the maximum output (student achievement) from the minimum quantity of inputs (choice, State resources, mobility).

1.8 Methodological Overview

This narrative case study was conducted to determine if inter-district school of choice created any financial or organizational impacts on the Briar Stone School District. Case studies, according to Creswell and Creswell (2018), are conducted so that “the researcher develops an in-depth analysis of a case...that are bounded by time and activity, and researchers collect detailed information, using a variety of data collection procedures over a sustained period of time (Stake, 1995; Yin, 2009, 2012, 2014)” (p. 14). The case study method was chosen in order to understand how the relationship between inter-district transfer and school fund balance interacted with one another over a period of ten years (2010-2020). The goal was to see if inter-district transfer had financially impacted Briar Stone School District and, if so, how this impact played a role in the decisions that school district administrators made as a result.

For the first part of this case study I retrieved and examined the Michigan School Data (MI School Data) financial documents from academic years 2010-11 to 2019-20. In addition, non-financial information was collected from this website. Some examples of what were collected are non-resident data, resident data for students that exited, and school board agendas and minutes from the 2015-20 academic years. This data provided information on if and/or how the inter-district school of choice policy played a role in both the organizational and financial structure of the school district.

For the second part of this case study I collected qualitative data, via interviews conducted in order to help contextualize the results from the first part of the study. In the qualitative follow-up, interviews were collected from former district representatives in order to understand the fiscal impact/decisions made for the academic years 2010-11 to 2019-20. The goal was to see how the district managed their finances during this frame.

1.9 Conceptual Framework

For this study, new-institutionalism (NI) theory was applied. The New Institutional Theory derives from organizational theory which has “been widely used to explain and predict the behaviors and structures of school systems, highlighting the fact that school systems are open systems which respond to external constituencies (e.g., state and federal government) to gain resources, information, and recognition” (Scott, 1992). Inter-district school of choice policy affects how school districts distribute their resources, which are both fixed and varied, considering that student foundation allowance moves with students. In particular, it is important to understand that shifts in funding of school districts can present a challenge to the organizational structure, rules, norms, and culture of the school district which then can affect how school districts respond to periods of influx and exodus of students.

One of the school district's organizational systems that needs to be accounted for is how the school districts spend their foundation allowance allocation. School districts need to be able to financially manage the influx and exodus of students, project total operating expenditures (TE) accurately on a yearly basis, and have an organizational structure that can withstand the influx and exodus of students. Unfortunately, when districts find themselves in a situation where the projections for the academic year vary from what were projected, it can lead to school districts taking a financial gain/loss. This financial gain/loss requires that districts, at least in the short term, review their organizational structure, in order to manage the foundation allowance to make sure that adequate resources are reorganized to align with the projected budget. Should a school district not be able to manage their funds and run into a deficit they then need to dip into their reserves, if any are available. This mis-projection can financially strain a district and should the district fall into a deficit for more than three years may cause the state government to request the financial documents of the district. This assessment could lead to mandated reporting, emergency managers, etc. This is why it is important to study how school choice impacts funding, and therefore affects the way school organizations function.

1.10 Limitations

The limitations of this study are:

1. The data that is collected comes only from one small school district in Metro Detroit.
2. The study does not focus on the other school choice options (i.e., charter schools, parochial schools, private schools, online schooling, etc.).
3. There could be other factors that contribute to students leaving their neighborhood districts that are not accounted for in this study (i.e., abilities, parental work location, etc.)

1.11 Delimitations

The delimitation of this study is that the Briar Stone School District was selected based on its relatively high number of non-resident students, and the relatively high number of resident students who enrolled outside of the district.

CHAPTER 2: REVIEW OF THE LITERATURE

2.1 Introduction

The implementation of school choice policy in Michigan has decreased the share of students enrolled in their residential public school districts. Increased inter-district transfer through school choice has influenced the organizational structure and resource allocation of districts. Prior to the implementation of school choice policies, school districts could adequately prepare for each academic year based on the demographics of their population in their neighborhood jurisdiction. At both the federal and state level, the way districts use their funding was not regulated. Then, policies such as state-level per-pupil funding (foundation allowance), NCLB and ESSA, and related to school choice were introduced which could result in organizational structure change. If school districts' organizational structure is strong it will provide more room to become responsive to the policies to meet the needs of the district and respective learners. This is due in part to a number of factors, such as the centralization of funding from local districts to state funding which took away how local districts could fund their schools, as well as the shift of and rise in inter-district transfer set up for a market within education.

In the State of Michigan, the funding mechanism shifted from mainly local property tax to state sales tax, which funds the foundation allowance; this can force districts to re-evaluate their organizational structure to reconfigure to this foundation allowance allocation. Additionally, this policy set parameters on how districts could raise revenue (discussed below) which can impact district funding. For example, if the enrollment decreased in any given year it would negatively impact the level of district funding, which then would require the district to consider a reallocation of their resources.

NCLB and ESSA have provided a structure for measuring the success or failure of students. NCLB was viewed as punitive in nature to those school districts which were not meeting Adequately Yearly Progress (AYP) as mentioned in Chapter 1. This required that all reporting school districts be rated on how well their students ranked based upon the standardized tests in the State of Michigan. Schools that had rankings of “Needs of Improvement/Focus School” were placed on a list, and after three years of negative AYP, were placed on a list for assistance. These schools could be taken over by the state and reviewed for their structure, which meant that both administration and/or teachers could be reviewed for effectiveness. Schools on this list were also mandated to provide options for students that were currently attending these schools. One of the options was that parents could choose a new school that was either within the district or outside of the district. This further opened the door for school choice to be utilized among students, especially in urban areas.

ESSA maintained the standards for making sure that students were receiving an adequate education; however, some of the sanctions were removed. One of the major sanctions that was removed was some power being shifted from federal control over education to state control. This allows, for example, the Michigan Department of Education (MDE) to set its own goals in how to meet the achievement levels of their students using the federal framework which was established. According to Understood.org (2014-20), this is important as states look at their academic (i.e., test scores, high school graduation rates, etc.) and school-quality factors such as readiness for kindergarten students (i.e. Head Start), college readiness, school climate and safety, and truancy). As Weiss et al. (2016) state, there are five areas in which state agencies, like MDE, have leading roles over. The five areas are to design and implement accountability systems: administer, implement, and oversee state and federal funding and programs; articulate vision, priorities, and

goals; support academic improvement through the implementation of standards and assessments; design and implement accountability systems; administer, implement, and oversee state and federal funding and programs; as well as establishing two-way communication with stakeholders and the general public” (Weiss, et al., 2016).

MDE continues to work with school district leaders, teachers, higher education, parents, community, etc. to create innovative curriculum and instruction that will be implemented throughout the state. This, in theory, is supposed to provide the school districts in the same state with the same curriculum and instruction and set expectations and accountability systems which the state will have control over.

School choice had become more and more popular among parents and their students as their residential schools were deemed underperforming. Arsen et al (2019), noted that charters schools account for around 10% of students in Michigan and just over 14% are students in Michigan that are inter-district school of choice students. These two school of choice options now regularly compete with residential school districts which is starting to affect the residential school assignment system. This is because the inter-district transfer is creating a shift in operating funding as student’s foundation allowance follow them to their school of choice. This is creating “strong financial impacts” on these school districts. (Arsen et al, 2019). Operational funding causes districts to review their organizational structure to see if there needs to be restructuring in the way they respond to this change. School district curriculum directors and administrators now have to make sure that they are meeting all of their students’ educational requirements while keeping cost to what is allocated to them (Zimmer et al., 2009) This requires that they plan based on an academic basis and account for both fixed and variable costs which can be complex, especially as it relates to the allocation of resources (i.e., instructional support, instructional staff support, etc.) to support

the students and their educational requirements/needs. For some school districts, a loss of residential students provides a loss of revenue to the district which can present a financial challenge to them (Ed Choice, 2017).

This literature review is divided into four sections. The first section will discuss the theory of New Institutionalism and how it applies to the organizational structure of the K-12 education system. The second section of this literature review will discuss how school districts are funded through federal, state, and local resources. The third section will briefly discuss how school choice impacts the school districts' financial structure, as choice leaves some uncertainty from year to year regarding how much funding the district will receive, which then impacts the decision making as it relates to variable costs. The fourth and final section will discuss how organizations utilize their resource allocations to meet the needs of their students while also shifting focus to marketing for students (i.e., special programming).

2.2 New Institutional Theory

New Institutional Theory derives from organizational theory. Organizational theory emerges to bring the educational process within a set of socially defined institutional changes, not necessarily to streamline the "production process" involved in carrying out this activity (Meyer, 1980). The emergence of unique forms, strategies, processes, competencies, and outlooks can emerge through patterns of organizational interaction and adaptation that is traced by institutional theory (Selznick, 1996). In New Institutional Theory, changes that are made within an organization are in response to both internal and external circumstances. In the case of school choice, it is important for educational organizations to be responsive to either influxes, exoduses, or both within their school district as it shapes how educational organizations review their funding and allocations to meet both short-term and long-term goals.

Old Institutional Theory lacks the education ideals that are present in today's federal and state government regulations as well as our current legal system. For example, institutionalism theory has come into the new realm with the introduction of policies such as collective bargaining and grievance procedures (Selznick, 1996). These new policies which involve legal actions are something that was not part of the initial institutional theory. By adding in policies and procedures, the ways in which an organization responds to change is even more important for the financial security of the school district.

New Institutional Theory consists of formal structures that can be adaptive and responsive to influences in the environment (Selznick, 1996). DiMaggio and Powell's (1991) note that the theory was created as for many reasons including a rejection of rational-actor models, a fascination with institutions as independent variables, a shift toward cognitive and cultural explanations, and a fascination with properties of supra-individual units of analysis that cannot be reduced to aggregations or direct consequences of individuals' attributes or motives (Dimaggio & Powell, 1991).

In his viewpoint, organizations, including schools, tend to mimic those schools which are similar to themselves. This is seen in many districts as they conform to standards that are set at their respective Intermediate School Districts (ISDs), which tend to function with similar resources. New Institutionalism Theory explains why businesses, even if they were engaged in diverse takes in different environments, sometimes looked the same, and why administrators would adopt procedures that were developed in different industries (Palmer et al., 2008). In addition, New Institutional Theory explains the importance of organization which is about presenting one's organization and management as "informed," "up-to-date, and "compliant," and not just about achieving technical efficiency in getting the task done (Palmer et al., 2008)).

As inter-district transfers start to shift and students decide to attend either public, charter, home, or private school, the organizational structures of all schooling tend to look different from one another depending on the volume of mobility that exists in the respective districts. For example, school districts that have little to no change in inter-district transfer from year to year provide a structure in which there is no need to reorganize resources. If, however, there are mid-high populations of inter-district transfer it forces the school districts to examine their organizational structure and resources. School districts are forced to question if their organizational structure is too loosely coupled in order to respond quickly to the change in inter-district transfer and to meet the needs of the students they serve.

Educational organizations such as home and charter schools are starting to mirror organizational structures found in public education and being realized as sound institutional structures (Meyer & Rowan, 2006). These new educational organization entities have provided what Meyer and Rowan (2006) discussed as altering “the institutional reality of education” in three ways: “1) greater provider pluralism; 2) more tight coupling; and 3) more central role of educational institution in society” (p. 2). These three alterations have changed the landscape of how education is provided. The education field is full of with educational choices for students and their families. Also, as policies and legal actions take shape, it makes public schooling instruction a more tightly coupled system as public schools are now more accountable for their student performance and financial health. Finally, the result of school choice has placed decision making in the hands of parents, which makes the K-12 education system more vulnerable to changes as parents look to find schools which provide the instruction and/or special programming to meet their student’s needs.

Organizational structuring in any business is extremely important, especially education. There are two main processes that arise from organizational structures. The first is a complicated technology and social settings with complex transactions where markets encourage the development of rationalized bureaucratic organizational structures to efficiently coordinate technical activity (Meyer, 1980). Second, in society, institutional frameworks form and define particular roles and projects as rational and legitimate. These structures promote the formation of specific bureaucratic bodies that integrate these features and follow the regulations (Meyer & Rowan, 1977).

The first process that Meyer discusses fits the current education system, as education no longer works with limited choice options as in the past. However, education is now market-based and the market structures how educational organizations function. The second process fits with the policies that are being implemented that affect how organizational structures function. For this case study, how school choice policy changes educational organizations' response to both financial and structural changes will be thoroughly described and analyzed. This financial uncertainty leads school districts to review how they organize their variable costs from year to year to meet short term demands while also reviewing their fixed costs which are more long-term approaches.

2.3 School Choice

School of choice was first referenced by Milton Friedman (1962) as he noted that education shouldn't be a monopoly in which students are tied to one district based on where they lived. He believed that education should be viewed as a market in which students (consumers) were allowed to shop around to find a district that would meet their educational needs. In Michigan, inter-district and intra-district school of choice were implemented in 1996 along with many other states in the United States. These options provided opportunities for students' receiving additive resources

and/or special programming that they may need to be successful and/or attracted to the school. These educational opportunities can provide more incentive for parents to switch their student to the district as it becomes more appealing.

During this process, parents are considered rational actors that play a key role in school districts' functionality. Ellison and Aloe (2019) state that, "parents may not be rational actors in the classical sense (i.e., perfectly rational and possessing perfect knowledge), but their behavior is "rationalized" through the free exchange of information about school quality in an educational marketplace" (p. 1160). It is important for districts to be aware and responsive to the needs of the parents because changes made to the school/district structure can create influxes and/or exodus of students which can create a financial strain on the district. Due to the expansion of school choice competition, it is even more important for administrators to recognize and respond to the market pressures accordingly (Ni & Arsen, 2010).

This competitive market place may not have the student's or district's best intentions and may not provide the same resources as the student's residential school. School districts cannot meet the needs of all students and run the risk of losing students, teachers, and funding while trying to be competitive with other school districts (Arsen & Ni, 2012). Any changes in student enrollment can force the school district to make organizational decisions such as what and/or how much variable costs can be restructured to meet the needs of the students in the district. These costs are extremely important as the funding and the allocation of funds should benefit the students who are the key stakeholders to the school district. If the revenue for the school district decline rapidly, schools are forced to make organizational decisions such as cutting special programming, which in turn, could lose more students which leads to a downward spiral for the school district (Arsen & Ni, 2012).

2.4 Funding in Education

Funding for K-12 schools in the United States comes from three levels of government: federal, state, and local. The state department of education and local school districts are primarily responsible for the funding of schools (US Department of Education, 2021). In academic year 2012-13, there was an estimated \$1.15 trillion spent nationwide on education at all levels, where around 92% of the funds come from non-Federal sources (US Department of Education, 2021). This is important to note when discussing disparities in funding as the researcher will discuss the funding for the State of Michigan as well as local funding through property taxes. In the next few sections, there will be a discussion around federal, state, and local funding which will include the various grants, per pupil foundation allowance, and allocations of funds within a district.

2.4.1 School Funding: Federal

Considering that the United States Department of Education only funds 8% of state and local school districts it is important to note what is allocated to states and local school districts. The funding comes from varying sources such as the Department of Education, Department of Health and Human Services' Head Start program and the Department of Agriculture's School Lunch program. This amount of funding is low, however, the funding is targeted that can be used to fill gaps in both the state and local educational needs (US Department of Education, 2021). For the purposes of this study, the researcher will discuss the IDEA grant as well as the four title grants that are used at Briar Stone School District, Titles I-IV.

2.4.1.1 Individuals with Disabilities Education Act (IDEA), Part B, Section 611

For the purpose of this study, the researcher noted that the Briar Stone School District collected revenue from Part B: Section 611 which pertains to school-age children. The IDEA grant was implemented to assist states with the extra costs that are needed to provide support and related

services to students with disabilities (US Department of Education, edited 2021). To qualify for this funding, states must have school-aged students with disabilities in order to provide a free appropriate public education (FAPE). The amount of funding that is allocated to states follows the funding formula that is listed under section 611 (d) of IDEA. States are then asked to provide local school districts with funding. However, it is noted that some of the funds can be used to go toward state-level activities that are needed (US Department of Education, 2021). Under IDEA, a state must also “maintain its level of state financial support for special education and related services from one year to the next” ((US Department of Education, 2021). The funds can be used for a variety of projects ranging from salaries of special education and other non-instructional personnel (i.e., speech therapist, psychologists, paraprofessionals, etc.).

2.4.1.2 Title I, Part A

In addition to IDEA, the Briar Stone School District received revenue from Title I, Part A. According to the US Department of Education (2021) under the Elementary and Secondary Education Act and amended as part of Every Student Succeeds Act (ESEA), the department:

Provides financial assistance to local education agencies (LEAs) and schools with high numbers or high percentage of children from low-income families to help ensure that all children meet challenging state academic standards. Federal funds are currently allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each state (1) Basic grants, (2) concentration grants, (3) targeted grants, and Education Finance Incentive Grants (EFIG)...schools in which children from low-income families make up at least 40 percent of enrollment are eligible to use Title I funds to operate schoolwide programs that serve all children in the school in order to raise the achievement of the lowest-achieving students. The EFIG funding is calculated for states and once determined, the funding is disbursed to the local school districts using a weighted count formula. The determination as to how much money is disbursed to local districts depends on the number of students that come from low-income families (US Department of Education, 2021).

2.4.1.3 Title II

Title II, Part A, is designated in response to the No Child Left Behind (NCLB) act, now ESSA, which states that low-income elementary and secondary schools should have teachers and administrators that are highly effective along with other institutions (i.e., higher education, charter schools, etc.). For the purposes of this study, the researcher discussed Title II funds as it relates to elementary and secondary schools.

To receive this funding, local school districts must be designated as a high-need district. There are two ways in which a local school district can be designated as a high-need district. The first is the district has less than 10,000 students from families whose income is below the poverty line or 20% of the students from the district are from families that are below the poverty line. The second determinant is based on a high percent of teachers who are not teaching in content areas or grade levels in which they are assigned. This means that there are teachers in the classroom setting that have licensing that is emergency, provisional or temporary.

There are two purposes for providing these funds to districts. The first is to increase student academics by using strategies like hiring highly qualified teachers and administrators and the second is to hold the local school district boards and school district accountable for the improvements of their student academics (US Department of Education, edited 2021).

2.4.1.4 Title III, Part A: English Language Acquisition, Language Enhancement, and Academic Achievement Act

The Briar Stone School District was noted as having around 5% of students that are considered English Language Learners (ELLs). Under the United States Department of Education, Title III, Part A– ELL funds are designed to support school districts in their process to implement, carry out, restructure or change language instruction and academic content instruction programs

for English learners in schools and across school districts (MDE, 2020). To receive the funding, in compliance with ESEA 3115 I, districts must have consistently increased the language proficiency of ELLs. Briar Stone School District used the funds to provide instruction in order for ELLs students to succeed academically. The funds were also used to hire instructional staff/administration, professional development seminars, and programs that are beneficial to students and their families.

2.4.1.5 Title IV – 21st Century Schools

Title IV, Part A is another revenue source that the Briar Stone School District utilized in order to provide resources to make the school and surrounding school district with safe and drug-free neighborhood/schools. This grant is to provide programs that are geared to prevent drug, alcohol and violence that could occur in the school setting as well as in the community. This grant provides school districts an opportunity to work with community agencies to provide support services to students and their families who are a part of the district to either prevent and/or combat drug use and violence.

2.4.2 School Funding: State

In Michigan, most public school funding is based upon the foundation allowance model. There are changes in Michigan that have resulted from a significant shift in financial responsibilities from local to state levels, as well as a move away from property taxes as a source of school revenue (Addonizio et al., 2001), This change allows the state to have more control over the funding, foundation allowance, that the district could place on each student in the district. The foundation formula that is implemented is a supplement through a large grant program known as state compensatory education grant program (Addonizio et al., 2001).

Michigan also provides supplemental funding of grants to local school districts that show there is a need to assist with at-risk and English language learner students within the district. The school districts must complete grant applications and meet certain criteria to receive the additional funding. In this study, it should be noted that Briar Stone School District utilizes the 31a and Section 41 grants for their respective district.

2.4.2.1 Foundation Allowance

In the State of Michigan, the funding system of schools were centralized. This funding system is known as the foundation allowance system or foundation allowance; it is structured to make sure that school districts are receiving adequate funding. However, there have been questions as to whether it is equitable as well as adequate across diverse jurisdictions. (Belfield, 2012).

In Michigan, the major source of state revenue for K-12 schools comes from the general sales tax. In 1996, the state sales tax was raised from 4% to 6% which provided extra revenue to be placed in the School Aid Fund. The fund consists of 60% of the revenue generated from the 4% sales tax and 100% of the revenue generated from the additional 2% sales tax. In addition, school aid funds consist of the six mill state property tax that is assessed along with a designated amount that comes from the personal state income tax and many other state taxes such as tobacco, liquor, commercial and industrial business, miscellaneous taxes and any profits received from the state lottery (Addonizio et al., 2001).

The calculation of the foundation allowance for school districts comprise of the “difference between the district’s foundation allowance or \$6,962, which is less, and the amount that would be generated from the district’s base millage (18 mills) on non-homestead property, regardless of whether or not the district levies its local millage” (Addonizio et al., 2001, p. 12). In terms of the local share of the foundation allowance, this comes from the yield that comes “from its operating

levy, calculated by multiplying the district's taxable value of non-homestead property per pupil (plus homestead property per pupil for "hold harmless" districts) by its operating millage rate" (Addonizio et al., 2001, p. 12).

Each academic year, districts that are above the basic foundation allowance receive yearly dollar per-pupil increases which are equal to the district's annual dollar amount, per pupil, increases to the basic foundational allowance. Districts that are below the basic foundation allowance will receive a yearly per-pupil increase that is an "accelerated rate" until the district can get to the basic foundation allowance (Addonizio et al., 2001).

The foundation allowance distribution, as described above, creates a financial impact on school districts, especially districts that are losing more students than they gain. For districts that lose students yearly, it causes loss in revenue and also forces districts to spend money on marketing in order to compete with neighboring districts. For districts that are gain students yearly, it provides an additional source of revenue. This revenue is equal to the foundation allowance that is allocated for the district. Students that participate in school of choice will transfer the per-pupil funds allocated. Should the students residential district have a higher amount of funding, the district is only allowed to collect the amount of per-pupil funding that is allocated to the district and vice versa.

2.4.2.2 Full-time equated (FTE) pupil

In order for a school district to receive full funding for their students, the student must participate in schooling, within the district, and be counted two times in a school year. Forty percent of the school district's count comes from the student count from the previous academic year, in February. Sixty percent is accounted for during the student count day in September of the current academic year. The school district must provide at least 182 calendar days of instruction

to the student during this time period (Addonizio et al., 2001). This is important to note as some districts split FTE costs with other local districts/ISDs for program offerings that are outside of the local school district. For students that are not special education, the foundation allowance payments come out of Section 20, whereas special education students are paid out of Section 51a(2) (p. 10). However, should a special education student stay in the regular classroom for part of a day, they would receive foundational allowance under both Section 20 and Section 51a(2) (Addonizio et al. (2001).

2.4.2.3 Section 31a At-Risk Funding

The Michigan Department of Education provides supplemental funding for students that are categorized as At-Risk in local school districts which is known as Section 31a At-Risk. This grant is focused on student outcomes such as attendance, proficient reading by the end of grade three, proficiency in mathematics by the end of grade eight, and preparing students to be career and college ready by the time students graduate from high school. The funding can be used for instructional services as well as non-instructional services to the designated “At-Risk Pupil.” The metrics for how MDE allocates this funding to districts is based upon school districts current foundational allowance and their free and reduced lunch counts. In order to receive and continue receiving funding, the district must implement and provide MDE with a Multi-Tiered System of Supports (MTSS) report.

2.4.2.4 Section 41: Bilingual Funding

In addition to 31a funding, districts can also receive funding for bilingual students that reside in their district who are “at the most basic levels of English proficiency” (MDE, Section 41 Bilingual, p. 1). English Learner Specific Funding Sources, these funds are to be used to provide additional targeted services to students by providing materials and supports that align with the

students' identification on the World-class Instructional Design and Assessment (WIDA) Proficiency Level (PL). The goal of the program is to offer instruction that focuses on preparing bilingual students to meet the State English Language Proficiency (ELP) as well as the content standards for the students designated grade level. The funds, however, can also be used in order to provide teacher training and/or English as a Second Language (ESL) or Bilingual Education endorsements and/or hire highly qualified BBE/ESL paraprofessionals. For districts that do not have ESL and/or BBE teachers, there has to be a written plan in place to describe how they are going to hire a BBE/ESL teacher within five years of receiving the grant.

2.4.3 School Funding: Local

Local funding for education comes from the community property taxes as well as bonds. Property tax from both homestead and non-homestead are assessed based on the home values in the district. For districts, in residential areas where home values are low, they will receive minimal funding to help support the district's needs and vice versa for communities with higher home values. Districts that are considered "high-spending districts" were "held harmless"; they are allowed to levy property millage's. This provides these districts an opportunity to raise an amount that is equal to the difference between the maximum state foundation allowance and their original spending level (Papke, 2008).

2.4.3.1 Property tax

In Michigan, local taxes are raised through both homestead and non-homestead property taxes as stated above. Homestead property is defined as the primary residence of the taxpayer whereas the non-homestead is defined as remaining property that is used for businesses, rentals, vacation, or commercial agriculture (Summers, 2019). The passage of Proposal A decreased the mills levied on homestead property by the state to 6 mills and 24 mills for non-homesteads which

includes 6 mills for the State Education Tax (SET), and 18 mills levied by schools. Local districts, through voter approval, are required to levy 18 mills on all non-homestead property which go towards the local school district's contribution to their respective foundational allowance (Summers, 2019).

For local districts to raise additional funds, they are allowed to ask voters to approve the levy of mills for debt which could include building or renovating facilities, sinking funds (future projects), or for the district Intermediate School District to enhance operations up to 3 "enhancement mills" (Summers, 2019). These additional mills were called "hold harmless" millage's during the 2007-08 academic year. During this academic year, the "legislature reset the basic foundation level to the maximum or "hold harmless" level and reinstated the earlier foundation formula whereby districts below the basic level receive twice the annual dollar increase of those districts above the basic level" (Addonizio & Kearney, 2012, p. 19).

2.4.3.2. Enhancement Millage

Millage's is defined as the tax rate that is levied on home's or other property such as local businesses and rental properties. Addonizio, et al. (2012) state that "all local districts may approve "enhancement millage to supplement their foundation revenue. Enhancement levies have been permitted only at the intermediate school district level, with revenue shared equally among constituent local districts on a per pupil basis" (p. 30). Local districts that need to raise funds through millage's, need to be voted upon by the district community. This is important because if residents in the community are unhappy with a district's decision to enroll non-resident students, it potentially becomes problematic when asking for additional millage's from the community. In addition, for residential students that have participated in inter-district school of choice, it will be harder to convince them to pay additional

funds to a school district that their child does not reside in. While districts have a strong financial incentive to cover otherwise vacant seats with non-residential students, an influx of non-residential students may reduce resident support for and enrollment in local schools (Pogodzinski et al., 2017). This means that both the district's local funds as well as the per pupil fund could be hindered, should residents in the district decide against the option of inter-district school of choice.

2.5 School District – Fund Balance

Educational organizations are responsible for overseeing revenues each academic year for the survival of the district. When districts start to lose revenue and do not have the “cushion” to cover shortages, it creates another avenue in which the educational organization goes from loosely coupled to a more tightly coupled system. Public Act 4 in the state of Michigan states that should a district become distressed they must report this and be held accountable. This act has received national attention due to its strong provisions for districts that become financially unstable (Arsen & Mason, 2013). One of the provisions that stands out is the right for the state to bring in an emergency manager (EM) who will take over for the superintendent and local board responsibilities. In addition, emergency managers are allowed to “reshape academic programs, to nullify labor contracts, to open and close schools, and to sell district assets” (Arsen & Mason, 2013, p. 249). Michigan passed PA 96 in 2013, that allows state officials to dissolve local school districts that are considered financially unviable. To alleviate the amount of schools that could be dissolved during this process, in 2015, the state of Michigan passed what is called an “early warning” legislation (Public Acts 109-114). This act increases local school districts' financial reporting that is required as well as powers in which the state can intervene in the district's budgeting of the respective school district that has a low fund balance (Summers, 2015).

Michigan law specifies, “a district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and the district or intermediate district shall not incur an operating deficit in a fund during a school year (MCL 388.1702(1))”. Even though the law prohibits district administrators and school boards from adopting deficit budgets, it also details how districts are to create deficit elimination plans. These plans are submitted to and monitored by the state department of education (Arsen et al., 2016). These public acts have created a new check and balance of school districts’ budgets which educational organizations must now take into consideration as they create and monitor their budgets.

Unfortunately, in the State of Michigan, there have been some challenges for school districts in meeting these reporting requirements. For example, the Highland Park School District had incurred a negative balance over a long period of time. After a thorough review of the district’s finances, it was determined that due to the high debt, the school district would have to close in accordance with the enactment of the state funding balance policy. There are three other school districts (Inkster, Buena Vista, and Muskegon Heights) that were not able to sustain the necessary number of students, either due to inter-district transfer and/or lack of students in the district (aging population). In addition, the Detroit Public Schools District faced a high debt balance and was forced to file for bankruptcy in order to restructure their educational organization. The district has re-opened under the new name: Detroit Public Schools Community District.

2.6 School District Resource Allocation

In Michigan, funding allocations for school districts are particularly important as they are responsible for keeping their respective districts and programs running effectively. Part of the funding that is allocated to districts, as stated previously, comes from the foundation allowance that is attached to each student that resides within the district either through residential or inter-

district school of choice. This funding mechanism is extremely important to educational organizations as they rely on these funds to cover the costs that are associated with running the district and programs which includes operating costs (Belfield, 2012). It should be noted that a high percentage of the operating costs are allocated primarily for human resource management.

In the United States K-12 education system, more than 80% of local school districts have contracts with businesses for supplies and goods that are needed to provided effective instruction. It is important that local school districts review and examine their spending and future spending when they are establishing their budget (Rowan, 2006). This will allow the district to maximize their educational inputs and services without harming the local school districts budget (Monk, 1984). There should be a positive outcome when there is an educational input and service in order for the cost of the input/services to be considered for future resource allocation. An example that Monk (1984) used was an analogy of biology instruction being the service whereas the “instruction is a service since it represents the combination of such inputs as teachers’ time, administrators’ time, material inputs (textbooks, glassware, and so forth), and students’ time” (p. 41).

Berends et al. (2011) suggest that districts can respond in one of three ways to an increase in school choice competition and how they allocate their resources. To begin, districts could allocate funding to specific operations or services while lowering spending on others. The most likely scenario here is that competition will push local school districts to move resources to regular classroom instruction and away from non-instructional spending, which is consistent with the conventional thinking about the effects of school choice program. Second, because districts respond to competition in different ways, no systematic patterns emerge. Third, no patterns arise in resource reallocation because, for the most part, school districts do not adjust their resource distribution in reaction to growing competition (Berends et al., 2011).

By examining the way school districts respond, it is important to note the organizational structure of the district. In the proceeding paragraphs, the researcher will discuss how educational governance, fixed and variable costs, human resource management, and special programming (offerings) all play a role in how districts respond, financially, to changes in enrollment.

2.6.1 Exchange and Governance

As educational organizations allocate resources to meet the needs of their students, it is important to discuss how the exchange of these funds are governed throughout the district. Economic exchanges such as instructional contracts, textbooks/online resources, exams, and additional resources that are produced outside of the K12 classroom are called the “technical core” of the school district. Educational organizations that review their budgets need to take into consideration teacher contracts and school systems using the principal-agent theory. Principal Agent theory, analyzes how contracts are developed and if they are cost efficient. In addition, local school districts need to review their transaction costs which include the purchasing of food, textbooks, professional services, and many more line items (Meyer & Rowan, 2006).

While reviewing how each transactional cost that is allocated, educational organizations need to make sure that the choices that are made are aligned to meet the needs of both the students and the district. The contracts of teachers and other instructional aides are especially valuable as they account for a majority of the allocation for the foundation allowance. Educational organizations should, on a yearly basis, make informed and “rationalized” choices. Making informed and “rationalized” choices are especially important as school districts that participate in inter-district school of choice continue to market their respective districts. The influx and exodus of students can hinder the local districts’ ability to respond to variable costs of education that are needed each academic year. For example, if there were an increase in student enrollment it would

cost the district more in terms of variable costs (resources: textbooks, supplies, supplemental materials, etc.) and potentially fixed costs such as instructional support.

It is important to note that how educational organizations allocate their funding may affect students' ability to be successful in their education. This is why informed and "rationalized" decisions are needed. Districts that receive school of choice students gain from fraudulently inflated revenue, while the residential district of the school of choice student must still meet state and local requirements despite receiving less funds than anticipated. The unexpected annual changes in the number of students who select school of choice cause budget volatility, making it difficult for district administrators to plan for both immediate and long-term staffing, resources, and facility demands (Moore, 2016).

Hanushek (1997) discussed a breakdown of resource measures that are devoted to schools into three categories. The first category is resources for the classroom such as the teacher's education, experience, and the teacher-pupil ratios. The second category is the "financial aggregate of resources" such as the expenses per student and the teacher's salary. The third and final category, other resource measures category which examines teacher's characteristics, input from administration, and facilities (Hanushek, 1997). These models offer educational organizations various ways to view how to allocate the resources necessary to run efficiently. One thing that the authors have in common is the fact that teacher salaries and contracts should be separated and examined.

2.6.2 Fixed and Variable Costs

School district funding allocation is broken into two costs: fixed or variable. Fixed costs associated with a district, are those costs the district can't change for at least a year or more in duration. Some examples of fixed costs are maintenance and operation of school buildings,

transportation costs (if any), and any interest on loans owed (if any). It is important to note that when there are changes in student enrollment, this does not change the fixed costs. Arsen et al. (2016) state that “when a student leaves a district all funding associated with that student is lost, but certain costs may be fixed in the short run so expenditures decline more slowly than revenue” (p. 12). Whereas, variable costs are cost that shift depending upon the needs of the districts. Some examples of variable costs are teacher contracts, benefits/retirement of employees, instructional expenditures (software, professional development, instructional aides, etc.), administrative costs, and marketing and recruitment.

2.6.3 Human Resource Management

Human resources management is, as stated previously, almost 80% of a school districts budget. It is important to note that teacher salaries consist of more than just the base salary for teaching. They also include health insurance and pensions, so as those costs rise for these services, so does the district’s financial commitment. There were changes in the who (federal, state, local) is responsible for the retirement contributions (Addonizio et al., 2001). The costs associated with retirement and FICA payments are now predominantly the responsibility of local school districts, with the state incorporating these costs into the district’s foundation allowance. Due to this, it is important for districts to work with their teaching staff to make sure that their contract is cost-efficient for both the district as well as the teachers. Meyer and Rowan (2006), discussed how education organizations must keenly look at teachers’ contracts by having school districts utilize the “principal-agent theory.” This theory allows school districts to respond and evaluate how contracts are developed, if they the most cost-efficient, for the district and if the decisions made for employment of instructional and non-instructional staff rationalized. This allows the local

school district to detail their transactional costs to stakeholders, and how it benefits the district (Meyer & Rowan, 2006).

Competition for students leaves educational organizations with uncertainty as to how many students they will retain and recruit. Teacher contracts should reflect this unknown especially if there need to be lay-offs due to a decrease in students within the district. It also means that districts, that choose to open their borders, have the teaching staff available and contracted appropriately should there be an increase in students due to inter-district school of choice.

While Meyer and Rowan (2006) encourage educational organizations to use the transactional cost method, Hoxby (2007) encourages administrators to use allocation-orientated research which “presents a view of school that is rife with tensions about redistribution (which students gain, and which students lose?). One way to relieve these tensions is to devise allocation-related remedies, such as controls on how resources and peers shift when choice is introduced (see, e.g. Hoxby, 2001)” (p. 288). As competition continues to grow among districts, administrators are still tasked with making sure their school district is running “productively, while responding to competition from neighboring districts (Hoxby, 2007). Administrators can do a multitude of things such as firing unproductive staff, hiring qualified teachers, negotiate contracts with teachers and staff in the district, and funding programs that are beneficial for students while letting go of programs that are not. Focusing on how to productively fund the district provides a structured way for administrators to review what works and what doesn’t while responding effectively, to these changes, to make the school district more appealing to parents both within and outside of the district (Hoxby, 2007).

2.6.4 Special Programs – District Offerings

Considering 80% of educational organizations funds being used are for human resources, little is left for special programs/resources such as music, art, foreign language, field trips, etc. Educational organizations will need to assess which special programs are important to market/appeal to students while also maintaining an educational attainment level that is appealing to students and the district. When districts are in a financial strain, as a result of continuous decline in student enrollment, they are sometimes forced to make difficult decisions. Some decisions that Jimerson (2002) noted in his interviews with superintendents in Minnesota were to cut teaching positions in art, music, and gym; discontinue special programming in elementary schools (i.e., foreign language and science); cut some paraprofessional positions that assist with special education students; cut field trips; reduce counselor positions; and eliminate programs in advanced courses (i.e., math and science) that are offered in the high schools. These decisions, even though necessary, can have an impact on students' enrollment in their district and may continue the downward spiral of student enrollment.

Districts that are in a financial surplus or healthy are able to provide the opposite of schools that are financially strapped. These districts can expand their number and type of field trips; add the necessary technology and foreign language classes; provide more time for music and gym in the elementary schools; hire more paraprofessionals for special education students; and offer more special programming and extra-curricular to students (Jimerson, 2002). These types of districts are one's students are moving to because they offer students more resources and activities. Trying to find the balance between special programming and curricular options are important for administrators to take note along with what their budgets will allow.

2.7 School Choice: Districts Response

The way districts respond to enrollment can vary by district. However, what stays the same is how enrollment increases and decreases relate to how a school district operates. The enrollment of students, according to Monk (1984), affect “the degree to which both purchased and non-purchased inputs can be specialized” and how “enrollment affects production possibilities can be traced to the indivisible nature of certain purchased educational resources” (p. 44). The costs associated with these are seen as both fixed and variable costs. School districts, as stated above, must take into consideration the fixed and variable costs of the district as well as the needs of students through the offering of special programs and student needs. In order to meet these challenges, districts must respond appropriately to this competition to make sure they continue to satisfy the students/families that currently reside in the district while also making the district more attractive to gain more students. School district who are not responsive to student needs/wants, risk losing those students and their funding to neighboring districts (Jabbar, 2015). In her New Orleans study with administrators, Jabbar (2015) noted that there are four types of strategies that administrators employ in order to respond to competition: 1) improving quality and functioning, 2) differentiation, 3) ‘glossification’ and marketing, and 4) and ‘cream-skimming’ and ‘cropping’.

The first strategy is looking at both the academics and the operations of the district. The overall goal is to improve test scores, make changes to curriculum and instruction, and weed out programs or costs that are unnecessary. This requires that the district review their shortfall in academic progress and work towards either traditional instruction and/or supplemental instruction to meet these needs. Instructional support and supplemental programs add to both the fixed and variable costs of the district (i.e., instructional teachers/aides, training, licenses, etc.).

In terms of operational strategies, this could be things like grants, fund-raising, and partnerships. There are numerous differentiated grants that districts can apply for depending upon their needs. There are small grants for variable costs such as school supplies to larger grants which could be allocated for technology which impacts both fixed and variable costs. School districts can partner with local businesses in order to either receive assistance on variable costs such as business cards (administrative), flyers, banners, etc. By partnering with local businesses, there is also the chance that these businesses would be willing to pay a price in order to be in school district newsletters which provides marketing for their businesses. In addition, local businesses could assist with fundraising events for products, such as extra-curricular sports (uniforms, etc.).

The second strategy is for school districts to seek out activities/unique programs that could differentiate them from surrounding districts. It is important for districts to seek the advice of parents/students when deciding what activities/unique programs should be offered. Some of these activities/unique programs could include things such as before and after-school childcare, sport programs, artistic programs, clubs, or academic related such as a STEM program. In addition, some parents may be reliant on seeking childcare before and/or after-school care for their child due to work schedules which is a must when seeking school districts (Lacireno-Paquet et al., 2012).

Sports and other before/after-school programs provide the same kind of before child care that is needed for older students while also providing the student with an activity that he/she is interested in. By listening to parents/students, it provides an opportunity for students to become engaged and stay within the district. The district must also weigh the costs (fixed and variable) of running these programs. Some issues that districts must look at when offering these programs are making sure that there is a rationale for these programs and that the programs are not running into a deficit. Some things that administrators must consider are the costs of instructional staff or aides

for these programs, equipment/software, transportation, building space/usage, and other variable costs associated with the activity/unique program.

The third strategy would be to focus on marketing and recruitment. This would require that the district look for ways to brand/re-brand the district and focus on how the district stands out from other districts or attributes that make them more marketable than surrounding school districts. This means that districts may have to allocate funds for hiring a marketing/recruiting expert who can assist them. This variable expense should be taken into consideration when there is a clear objective/goal of marketing and recruitment. The main goal of marketing and recruitment is to make sure that the students that are currently in the district are satisfied with the district, as word of mouth is the most important marketing tool. Many families value sending their children to schools where they have family and friends, social comfort is also a significant element (Stevens et al., 2011).

Other families may move their student to another district based upon a recruitment technique for sports/after school programming. Districts, whose objective is to promote athletics, will hire a recruiter in order to scout students from other school districts. Districts must make sure that there is a cost-benefit analysis completed so that the district does not lose resources that could have been used elsewhere to promote/recruit to the district.

Some districts have purposely targeted a certain demographic group while also noting that they are not open to all students. A great example is a school district on the border of an urban school district. This school district does not open their borders to the urban students outside of their county, which could provide more student enrollment and funding. Instead, this district has invested funds in targeted marketing that is aimed at students that reside in other areas of their county. This district is not the only district that targets more affluent students. There are two other

suburban districts in this county that choose to fill their empty seats by requesting non-residential students to go through a selection process and if selected, they are expected to pay the cost of education themselves, like private schools (Lubienski, 2005).

Finally, the fourth strategy is a bit more drastic as it looks to move problematic students and provide no marketing to appeal to students to come to the district. Individual districts are embracing strategies that can safeguard or strengthen their own market position by opening or closing borders or focusing on specific categories of students. In addition, districts response to school of choice and competition may be more tied to geographic and prestige position within local hierarchies than to financial reasons, rather than basic headcounts and budgetary considerations, as seen in the discussion for the third strategy (Lubienski,2005). This strategy saves the district resource allocation as there is no cost for not promoting or marketing of the district. However, it could become costly if the desire is to move problematic students in the district considering there could be legal challenges which will affect the district.

In each of these strategies there are operational functions that need to be taken into consideration when deciding on resource allocation within the district. As schools position themselves to maintain and/or increase student enrollment they should respond in a manner that provides a financial benefit to the district and not a deficit. If the latter were to happen then it would be up to the school district to cut resources in order to recover from this deficit.

CHAPTER 3: METHODOLOGY

3.1 Introduction

There were numerous research articles that highlighted the academic advantages and disadvantages of inter-district school of choice. However, there was little research to discuss the financial impact of school of choice policy on school districts. This narrative case study was designed to take a look at how one school district, Briar Stone School District, was financially influenced and affected by inter-district school choice and how it shaped their organizational structure. Specifically, this study focused on how Briar Stone School District responded to these changes in regards to both their fixed and variable costs while maintaining academic quality as well as marketing appeal to students. Considering that inter-district school of choice participating districts are financially and academically responsible for students in their district, it was essential to examine if inter-district transfer had an impact on how the school district operated (i.e., class sizes, special programming, etc.) to be appealing to students from outside of the district and continued attendance from students inside the district. This research study sought to answer the following research questions:

R1: What is the relationship between inter-district school of choice and the fiscal health of Briar Stone School District?

R2: How does the inter-district school of choice funding change the organization of the Briar Stone School District (i.e., school closure, human resource management, special programming etc.), or does it stay the same?

3.2 Conceptual Framework

When answering the research questions above, it was important to know if the school district complied with what New Institutionalism Theory states as ‘beliefs, rules, and norms.’ Did

they deviate dramatically from their ‘beliefs, rules, and norms’ to meet the needs of the inter-district school of choice? This was important to investigate because as there were changes to both the number of residential students leaving and non-residential students attending the district. In addition, it was important to investigate if the district’s response to these changes were within the existing organizational structure or if the school district needed to shift the “beliefs, rules, and norms” to meet their new demands. The more that an organization’s structure is based on these institutionalized myths, the more it maintains complex internal and outward demonstrations of confidence, satisfaction, and good faith. Routine practices are used to supplement misconceptions (Selznick, 1996). This is why it was important to understand how the fiscal and organizational health of the district was affected by routine procedures, given that there were influxes and exodus of both residential and non-residential students on a yearly basis.

3.3 Research Perspective and Design

The purpose of this narrative case study was to analyze the fiscal and organizational health of one district in metro Detroit, Briar Stone School District. Briar Stone School District accepted non-resident students while some of their residential students were leaving to attend neighboring districts. This chapter discussed the research perspective and design of this narrative case study, research context and school district participant, and concluded with the data collection procedures and analysis that this study underwent.

The study was a mixed-methods case study for academic years 2010-20 that included quantitative data well as qualitative data to answer the research questions addressed. When conducting a case study, Creswell and Creswell (2018) state that “cases are bounded by time and activity, and researchers collect detailed information using a variety of data collection procedures over a sustained period of time (Stake, 1995; Yin, 2009, 2012, 2014)” (p. 14). The quantitative

data that was collected consisted of data from MI School Data (demographics, financial, and enrollment) and the local school board minutes and agendas. The qualitative data that was collected came from interviews with former district representatives. By analyzing these data collections points, it would allow this study to identify/establish if there was a relationship between inter-district choice and the district's fiscal health? In addition, it would allow this study to identify/establish if inter-district school of choice funding changed the organization structure of the Briar Stone School District (i.e., school closure, human resource management, special programming, etc.)?

3.4 Research Context/Participants

The research context/participant was a small school district named Briar Stone School District which housed three elementary schools, one middle school, and one high school. There were alternative programs associated with this school district such as online learning and an alternative education center. Briar Stone School District opened their borders to non-resident students in 1996. During the 2010-11 academic year, there were 44.60% non-residential enrollment in the district compared to 24.68% of residential students that chose to attend another neighboring school district. By 2019-20 academic year, there were 34.88% of non-residential students enrolled in the district and 35.51% of residential students who were enrolled in other school districts.

In addition to the changes related to inter-district school of choice, the district was faced with a decade long struggle with a budget deficit. The deficit started in 2005 and the district struggled. However, after a couple of years, they were able to start making financial and organizational changes that led to their fund balance deficit turning into a positive. Did the inter-district school of choice play a role in the district's decline and/or increase in funds? Changes in student enrollment present new challenges to both the organizational and financial structure on a

yearly basis. For school districts that receive only a small gain or loss of inter-district school of choice students, there could be minor impact. However, for districts that have a high percentage of gains or losses of inter-district school of choice students in their district, the financial impact could be more influential (Jimerson, 2002). For Briar Stone School District, the later applied and explained why this school district was chosen for this study.

3.5 Procedures and Data Collection

In the first phase of this narrative case study, data collected consisted of quantitative data such as demographic, enrollment (including student mobility), and financial information from the MI School Data website for the time frame designated for this study. MI School Data is a public data portal which contains district- and school-level administrative data. In addition, Briar Stone School District local school board provided their projected, amended, and final budgets.

The data collection items from MI School Data were downloaded into a CSV file and then converted to an excel spreadsheet which were then placed in a Dropbox folder designated for this study. The data collection was broken down into academic years in order to show the yearly effects of inter-district school of school. This allowed an examination of financial and inter-district transfer trends for each academic year. The documents that the school district provided were also placed in the Dropbox folder designated for this study.

As part of the second phase of research, data was collected from the district's local school board minutes. In addition, this study was submitted and approved by the Internal Review Board (IRB) for permission to conduct the qualitative portion of this research study which included an information sheet and copies of the questions that were used for this narrative case. Appendix A provides a copy of the IRB approval. Once approved by the IRB Office, an invitation was sent to six former school district representatives via email. The email addresses were provided by a district

administrator for Briar Stone School District. Of the six requests, four participants (n=4) chose to participate. The initial interview questions, Appendix B were piloted to three district members and three doctoral candidates. Upon review of the responses to the questions, the researcher edited the questions and the final interview questions are located in Appendix C.

Due to COVID-19, all four participants agreed to participate in a recorded Zoom, online conferencing tool. After each interview, the file was downloaded to an iCloud account and then transferred to designated Dropbox folder designated for this study. A research study conducted by Archibald et al. (2019) suggest that conducting qualitative interviews via “Zoom may be better suited to data collection than alternative VoIP technologies including Skype and FaceTime” (p. 5).

Once all interviews were collected and placed in the Dropbox folder, the data analysis process overview was conducted (Creswell and Creswell, 2018). Following this process, the data was organized and the interview transcripts were prepared for analysis, followed by a thorough review of the transcripts, and edit of the transcripts for accuracy. After this process was complete, all four participants were communicated with through email. The purpose of the email was to request that the participants review their respective transcript and provide any edits/changes to their transcript. This process ensured internal validity using member checking. This served as a check and balance throughout the process of analysis (Creswell & Creswell, 2018).

After all interviews were reviewed and confirmed by the participants, I reviewed all of them together to designate themes for the study. Creswell and Creswell (2018) describe coding as “the process of organizing data by bracketing chunks (or text or image segments) and writing a word representing a category in the margins (Rossman & Rallis, 2012)” (p. 192). Once the themes were designated, codes were formed and the data collection process and information gathering took place for this study.

3.6 Summary

This chapter presented the introduction which identified the narrative case study research questions and provided a general overview of the purposes of the study. The chapter also addressed the research perspective and design, research context/participants, and the procedures and data collection. The results of the data analysis are presented in Chapter Four.

CHAPTER 4: FINDINGS AND DISCUSSION

4.1 Introduction

The study's goals were to examine Briar Stone School District's finances and organizational structures using a mixed method case study during the academic years 2010-2020. This study examined if inter-district school of choice changed any existing financial and/or organizational structure of the district. The first data collection, quantitative, consisted of quantitative data from MI School Data (foundational allowance allocated for all students, sources of funds (local, state, grants, federal), and non-financial documents such as non-residency/residency records from Briar Stone School District) and also data acquired from the local school board submission of budgets (i.e., project, adjusted, adjusted) during this time frame. The second data collection, qualitative, consisted of local school board minutes and interviews that were conducted to understand if the district's organization and finances, in relation to inter-district school of choice, influenced their decision making. The interviews were conducted with four former school district representatives.

4.2 Data Analysis

Upon examining the data collected from both the quantitative and qualitative portion of this study, four focal themes emerged: administrative decision making, funding, budget, and district enrollment (see Table 1). The themes and codes highlight the various ways in which inter-district school of choice played a role in fiscal health and organizational structure of the district.

Table 1: Themes and Codes

Themes	Codes
Theme 1: Administration	Code 1: Forecasting budget Code 2: Community engagement

<p>Theme 2: Funding</p> <p>Sub-theme 1: Federal</p> <p>Sub-theme 2: State funding</p> <p>Sub-theme 3: Local funding</p>	<p>Code 3: Federal funding (i.e., IDEA, Titles I – IV)</p> <p>Code 4: State Funding (i.e., foundation allowance 31a, 41)</p> <p>Code 5: Local funding (i.e., enhancement millage and bonds)</p>
<p>Theme 3: Budget: varying categories reported and metrics used</p> <p>Sub-theme 1: Budget Reporting (deficit)</p> <p>Sub-theme 2: General Fund</p> <p>Sub-theme 3: Instructional/Non-Instructional Staff</p> <p>Sub-theme 4: Marketing</p> <p>Sub-theme 5: Special Programming</p> <p>Sub-theme 6: Transportation</p>	<p>Code 6: Reporting during a deficit</p> <p>Code 7: General Fund Accountability</p> <p>Code 8: Contract/Negotiations</p> <p>Code 9: Michigan Public School Employees' Retirement Services (MPSERS)</p> <p>Code 10: Marketing plan</p> <p>Code 11: District Programming</p> <p>Code 12: Outsourced Programming</p> <p>Code 13: Transportation outsourced</p>
<p>Theme 4: District Enrollment</p> <p>Sub-theme 1: Enrollment Forecast Process</p> <p>Sub-theme 2: Competition</p> <p>Sub-theme 3: Special Education</p>	<p>Code 14: Middle Cities used on a yearly basis</p> <p>Code 15: MI School Data</p> <p>Code 16: Competitive between districts in the county</p> <p>Code 17: Great Start Readiness Program (GSRP)</p> <p>Code 18: Special Education: around 25% of enrollment</p>

4.2.1 Administration

Administration, specifically superintendents, play a key role in the school district as he/she oversees and works with their local school board and other administrative staff (i.e., curriculum director, special education director, finance director, etc.) to make sure that the district is guided by their cultural norms, and practices and not their own agendas. The Briar Stone School District,

prior to the two administrators serving during the 2010-20 academic years, agreed to participate in inter-district school of choice soon after the 1996 Michigan adoption. This was important to note as these two administrators continued with the practice of accepting inter-district school of choice and were not part of this decision. This played a role, in the discussion below, regarding administrative responses to community engagement. It was also important to note that there were two administrators during this time frame, both of whom served five years. The first administrator, Benjamin Simmons, served during the 2005-15 academic years and the second administrator, Zach Levinson, served during the 2015-2020 academic years.

In administration, it is important to forecast your budget on a yearly basis while also engaging the community in the practices of the school district. This was especially true when the district was involved in inter-district school of choice entrance and exodus'. During the data review, forecasting budget, was seen to have played key role in both the financial and organizational structure of the district. During the 2010-15 academic years, as well as five years prior, the district was in a deficit. Table 2 highlights the district's financial status for the years 2010-19. In addition, during this time frame, the district was receiving more inter-district school of choice students while also losing residential students to inter-district school of choice, which will be discussed with theme four.

Considering that the district was in a deficit, Benjamin Simmons budget forecasting was more of a reactive mode which was needed for the Briar Stone School District to come out of a financial deficit. Respondent 1 noted that Benjamin Simmons did not have a process for forecasting budgets. Even without an established forecasting process, Benjamin Simmons, purchased a program called Middle Cities which allowed the district to project their losses and additions of residential and non-residential students. The program was also used as a source that

would be relied upon as the district was seeking bonds/loans. By the 2015-16 academic year, Zach Levinson's tenure, the district was able to successfully create and maintain a positive fund balance. Respondent 1 noted that Zach Levinson took the initiative to look at forecasting to prepare for what could be coming. He would let the data inform how to best budget for the district (Respondent 1). In addition to Middle Cities, Zach Levinson also used MI School Data to inform his budgeting process (Respondent 4). This type of budget forecasting became increasingly important as the district was preparing reports for grant funding as well as creating a marketing budget for the purposes of keeping residential students and appealing to non-residential students.

Forecasting budgets was not the only difference in administrative practices between the two administrators, especially related to inter-district school of choice. As stated above, a prior district administrator agreed to accept inter-district school of choice students. Through the years, there became a perception that all kids that were coming into the district were black students from a surrounding big urban district, which was not the case. Diversity already existed in the school district so this myth kept getting bigger and set off a flight of residential students (Respondent 4). Benjamin Simmons, was not a fan of inter-district school of choice and allowed the continuance of this perception. In addition, Benjamin Simmons was not one to go out in the community and dispel these myths when community members brought it up (Respondent 4). When Zach Levinson came onboard he was more communicative and would hold meet and greets with families and the community as well as one-on-one meetings with students and families (Respondent 1). This new way of communicating with students, families, and communities was greatly received and retained some students that were considering attending schools outside of the district (Respondent 1). Forecasted budgets and community engagement, would not be the only differences between these two administrators, however they will be discussed in the other themes to provide context.

Table 2: Briar Stone School District Fund Balance

Academic Year	Fund Balance Total	Fund Balance Percent
2010-11	(\$4,524,772)	-13.60%
2011-12	(\$4,333,428)	-13.60%
2012-13	(\$2,249,304)	-7.60%
2013-14	(\$1,582,848)	-5.70%
2014-15	(\$360,618)	-1.30%
2015-16	\$1,920,142	7.10%
2016-17	\$2,804,451	9.70%
2017-18	\$3,154,263	11.00%
2018-19	\$2,055,177	6.80%
2019-20	\$ 269,567	0.90%

4.2.2 Funding

As stated in the literature review, the K-12 education budgets came from federal, state, and local governments and Briar Stone was no exception. Respondent 4 noted that Briar Stone was super-reliant on federal, state, and local funding to fund school operations and capital expenses. The majority of these funds came from state and local funding. However, federal funds were used in order to fill the gaps that these two institutions could not assist with. When examining the student demographics (see Tables 3 & 4), it should be noted that the district started to increase in the number of economically disadvantaged, English learners, students with disabilities, and At-Risk students that could be a result of both residential students and non-residential students and became costly.

Table 3: Demographics for Briar Stone School District

Academic Year	Economically Disadvantaged	English Learners	Students w/Disabilities
2010-11	59.45%	<5%	10.21%
2011-12	74.23%	<5%	10.15%
2012-13	76.16%	<5%	12.42%
2013-14	75.29%	<5%	12.71%
2014-15	72.84%	<5%	13.53%
2015-16	71.34%	<5%	13.37%
2016-17	72.2%	<5%	12.72%
2017-18	77.02%	<5%	13.27%
2018-19	79.49%	5.17%	14.90%
2019-20	83.32%	5.23%	17.04%

Table 4: Briar Stone School District At-Risk

Academic Year	3 rd Grade: ELA At-Risk proficient	not At-Risk proficient	8 th Grade: Math not At-Risk proficient	11 th Grade: College Ready At-Risk
2015-16	87.0%		NR	36%
2016-17	86.9%		NR	14.8%
2017-18	69.9%		NR	9.2%
2018-19	87.4%		11.8%	7.4%

Due to the increase in expenses for programs, Briar Stone School District requested additional funding from federal and state grants. There were additional grants that the district applied for and were approved for such as grants from Early Literacy, Yahoo, F.I.R.S.T. Robotics, and GSRP grants that were used in order to supplement some materials for the district (Respondent 4). These grants were discussed and voted on in board meetings that can be found in Appendix D.

The reliance on these grants made sure that the district continued to operate and retain staff. Respondent 1 noted that these funds were more consistent compared to the foundation allowance and student enrollment and allowed the district to free up some money from the general fund. As Respondent 1 referenced, this type of change to the district, partially based upon the entrance of non-residential and exodus of residential students, was a financial change from previous practices as a majority of the funding for these types of programs/resources would have come out of the general fund which was depleted for a portion of this study.

4.2.2.1 Federal Funding

As stated in the literature review, the federal government contributes relatively small amounts to the typical school budget (~ 8%). Briar Stone School District relied extensively on federal funding through the use of IDEA and Titles I, III-IV as the demographics of their students were changing as seen in Tables 3 & 4 above, which met the requirements for funding. These funds were used in order to supplement programs for special education, at-risk students, English Language Learners, and teacher training for these programs (Respondent 4). One example of where Title I funds were used was for the purchase of Read 180/Math 180 in the amount of \$10,600 as reported in board minutes from February 8, 2016, that can be found in Appendix D. In addition, Title I funds were used in the elementary schools for the purchase of books, learning kits, and learning sets. These are noted in Appendix D under Title I funding. It was noted that the Grapeseed program that was purchased with 31A funds was being renewed under Title I funds (see Appendix D: 12/14/15).

In addition to the usage of Title I funds, the district used Title II funding for programs such as EDUonGo and Moby Max (Appendix D). The program EDUonGo is a program that is used with teachers to go through virtual simulations. It was presented to teachers at a professional

development seminar. Moby Max is a program that is used in the classroom setting and provides students with coursework. These supplemental resources were purchased as part of the school improvement plan.

Title III, part A assisted the district with English Language Learners (ELLs) that were in the district. In the district, there were about 30 different languages that students spoke so these were added costs that were supplemented by the use of Title III, part A funds (Respondent 2). The district was able to purchase programs such as Learner Acquisition to assist students with language barriers. Almost anything for the district that related to ESL was paid out of this grant with the exception of trainings for teachers around Sheltered Instruction Observation Protocol (SIOP). The ISD for the district provided the trainings and funding in order to stay complement with state guidelines (Respondent 4).

The Briar Stone School District, as stated previously, received federal funding in order to keep the district from draining their general fund. Table 5 highlights the percentage of total revenue from federal funds/sources that were allocated to the Briar Stone School District. Title II was not denoted in the table and is assumed, by the researcher, that it is incorporated in the No Specific Program percentage and/or representative in the state funding. In addition, there were additional funding sources from the federal government such as school lunch, American Recovery and Reinvestment Act (recession period), and Edu Jobs. All of these funds may only be a small portion of their funding, however, as stated previously, these funds allowed the district to provide resources to their students which was a change in practice from prior years.

Table 5: Percentage of Total Revenue from Federal Funds/Sources

Academic Year	No Specific Program	School Lunch	Special Education Grants	Title I	American Recovery and Reinvestment Act	Edu Jobs	State Grants for Improving Teacher Quality (Title II)
2010-11	0.90%	2.30%	1.50%	1.40%	2.00%	1.70%	
2011-12	0.50%	2.70%	1.50%	1.80%		0.10%	0.30%
2012-13	0.60%	2.40%	2.30%	0.90%			0.20%
2013-14	0.70%	2.50%	2.50%	2.30%			0.30%
2014-15	0.50%	2.20%	1.30%	1.60%			0.30%
2015-16	0.20%	2.60%	1.50%	2.20%			0.40%
2016-17	0.10%	1.20%	1.10%	1.00%			0.20%
2017-18	0.20%	3.00%	2.60%	1.70%			0.20%
2018-19	0.20%	2.80%	2.20%	1.60%			0.20%

4.2.2.2 State Funding

The Briar Stone School district received around 60% of their funding through state funding (see Table 6). This funding consisted of the state foundation allowance, grants, and categorical funding (i.e., special education, food service, early childhood). Table 7 highlights the foundation allowance dollar amount, over the ten-year time frame of this study, that was allocated to students (residential and non-residential) of the Briar Stone School District. When viewing Table 7, the second column (Foundation Allowance) shows the state-allotted foundation allowance for Briar Stone School District, the third column (Resident Enrollment FA for Briar Stone School District) highlights the total foundation allowance received from residential student enrollment. Column four (Non-Resident Enrollment FA) highlights the total foundation allowance received from non-residential students (based on lesser of the case study district foundation allowance or the foundation allowance of their residential district). The last column (Resident Exodus FA)

highlighted the potential foundational allowance that the district did not receive due to the residential student leaving the district (based on case district foundation allowance).

When reviewing Table 7, it showed that the foundation allowance that the district received from residential enrollment tended to be steady, with the exception of years 2013-14 to 2014-15 as there was a decline in the number of students (see Table 9). It is also important to highlight that, in academic year 2010-11, the district received \$14.25 million from the foundation allowance received from non-residential enrollment. This funding supplemented the loss of what the district would have received from residential students through inter-district school of choice, which was \$7,857,768. After the 2010-11 academic year, the number of non-residential students started to decline steadily while the number of residential students exiting the district were rising. This meant that the amount of funding through the foundation allowance started to decline as both residential and non-residential students started to leave the district.

As the district was working toward getting out of a deficit, funds such as the foundation allowance, were additional supports for supplementing programs and resources for both their residential students as well as their non-residential students. Unfortunately for the Briar Stone School District, the influx/exodus of residential and non-residential students started to shift even more in the academic year 2014-15 as the number of residential students leaving the district started to rise while the number of non-residential students were still declining. By academic year 2015-16, the school district was out of a deficit but only marginally which shows that the foundation allowance may have only played a minimal part of the district's budget. By academic year 2016-17, the district was receiving less foundational allowance than those they would have received if the residential students had not left the district. With this shift, it caused the district to continue to lose more funds, small increments, over the remaining time frame as their budget continued to rise.

The foundation allowance was not the only funding source for the school district. The demographics of the school district allowed the district to receive funds such as Section 31a At-Risk, and Section 41: Bilingual, Young Fives Program, and GSRP. Table 6, shows that the percentages for each of these funds fluctuated minimally each academic year. To take a snapshot of one academic year, 2020-21, the school district received almost \$1.7 million in funding per the MDE estimated allocations for Section 31a At-Risk funding, \$34,625 in Section 41: Bilingual funding, and \$24,194 for Section 41Part A. The GSRP allocation of funding could not be found and was possibly placed in the non-specific programs. Each source of funding substantially assisted the district with providing the necessary resources to assist and meet the needs of the students in the school district.

Section 31a for At-Risk students is comparable to the Title I funds. These funds were generated monthly to purchase programs to assist the needs of the students (both residential and non-residential) (Respondent 4). During the ten year time-frame, the percentage of funds from Section 31a varied between 3.3-3.9% respectively. One program that the district purchased for their students through this funding was the Grape Seed program. This program was used for ELLs in the district and was approved by the local school board on August 12, 2019 with a notation of using of 31a funds to retain a subscription for this program. This program, along with other programs purchased under Section 31a funds, were used for students that were scoring below grade level in math and reading. Respondent 4 noted that during this time frame, the federal version of these funds started to decline, which resulted in the state's version to increase as a percentage of funding in this area (Respondent 4).

Section 41 was another funding source that was applied to the district's budget and were used to assist students who received a below basic score on their WIDA test, which is for English

acquisition. In addition, some of these funds were used for the district's alternative campus', especially the Dearborn location, to purchase the Imagine Language and Literacy program. This program was an adaptive virtual tutoring program in the student's native language and then progressively brought in the English language. The program was also used for students, other than English Language Learners, who were scoring below basic on this exam. In addition, the funds were used to provide a teacher stipend to one teacher to pay for him/her to become certified in English as a Second Language (Respondent 4).

The GSRP/Young 5s program is a state funded grant that supports elementary schools with the implementation of a preschool program. The focus is to prepare students to enter K-12 education, especially in preparation for kindergarten. In the 2015-16 academic year, the school district was approved, by the county, to implement a Young 5s program to appeal to younger students both in the district and outside of the district. Table 6 highlights that the percentage of funding for pre-school was around 0.10% until the 2017-18 academic year when the percentage went up to 0.50% and then 0.70% in the 2018-19 academic year. The district used the funding for student resources, hiring of instructional/non-instructional staff, and for equipment needed. In the April 25, 2016 board minutes, Appendix D, it noted that GSRP funds were used for the purchase playground equipment for an elementary school that recently started a GSRP/Young 5s program. The cost of the equipment was \$19,862 and was paid out of the GSRP funds.

Table 6: Percentage of Total Revenue from State Funds/Sources

Academic Year	No Specific Program	State Foundation	Aid At Risk	Adult Education Bilingual Education	Pre-School	School Lunch	Special Education Grants
2010-11	0.30%	53.10%	3.30%	2.30%	0.10%	0.20%	2.60%
2011-12	1.10%	57.00%	3.40%	1.40%	0.10%	0.10%	3.30%
2012-13	2.40%	53.00%	3.40%	1.40%	0.10%	0.10%	3.30%

2013-14	2.50%	54.20%	3.40%	0.90%	0.20%	0.10%	2.90%
2014-15	2.80%	43.90%	3.30%	0.80%	0.20%	0.10%	1.90%
2015-16	4.60%	52.70%	3.80%	1.40%	0.20%	0.10%	2.60%
2016-17	2.10%	52.90%	1.70%	0.50%	0.10%	0.00%	1.20%
2017-18	5.80%	57.70%	4.70%		0.50%	0.10%	2.60%
2018-19	4.40%	48.80%	3.90%		0.70%	0.10%	2.20%

Table 7: Foundation Allowance (FA)

Academic Year	Foundation Allowance for Briar Stone School District	Resident Enrollment Briar School District	Non-Resident Enrollment FA	Resident Exodus FA
2010-11	\$7,758	\$9,782,838	\$14,256,013	(\$7,857,768)
2011-12	\$7,288	\$8,512,384	\$14,165,388	(\$7,952,301)
2012-13	\$7,288	\$8,570,688	\$13,249,908	(\$7,896,912)
2013-14	\$7,343	\$7,871,696	\$11,581,713	(\$8,844,937)
2014-15	\$7,393	\$7,600,004	\$11,304,292	(\$10,732,344)
2015-16	\$7,526	\$9,610,702	\$11,662,049	(\$11,197,559)
2016-17	\$7,640	\$8,999,920	\$11,579,127	(\$11,710,745)
2017-18	\$7,754	\$9,405,602	\$10,949,200	(\$11,660,698)
2018-19	\$7,982	\$9,522,526	\$11,020,994	(\$11,917,126)
2019-20	\$8,209	\$9,694,829	\$11,612,044	(\$11,620,660)

4.2.2.3 Local Funding

Local funding is important for school districts as this is the second most source of revenue from the district. Table 8, highlighted that the district was losing funds from local sources by over \$1 million. The decline started in the 2011-12 academic year and continued until the 2017-18 academic year. The increase in funds could be attributed to the two enhancement millage's that were passed by the local community. A review of the school district's minutes (Appendix D,

millage) from their local school board meeting, there was mention of two enhancement millage's approved by the local community.

The first enhancement millage was a millage replacement proposal for 16 years (it had a set expiration date) which brought in, per Respondent 1, an additional \$2 million dollars to went directly to the school district's general fund. Respondent 1 did acknowledge this in the interview by saying that a recent enhancement millage was passed by the community and the funds that they would receive were to be allocated and applied to the general fund. Respondent 1 and 4 noted that the enhancement millage allowed the district "to stay above the 5% threshold" which allowed the district to come out of the 5% general fund reporting threshold.

The second enhancement millage was a non-homestead operating millage proposal (secondary operating mileage which was included as a means of increasing the millage rate from 16.7 mills to 18 mills (cap for the state), at no cost to homeowners. Appendix D (millage) noted that the district was able to collect on the full 18 mills, which were approved by the district to bring in around an additional \$156,000 in revenue. These enhancement millage's provided a source of funding for the district to continue to work toward staying out of a deficit and focus on the needs of their students. Respondent 4 noted that some of the funds from the enhancement millage were used to provide the necessary technology upgrades that the district needed.

Table 8: Percentage of All Local Funds/Sources

Academic Year	No Specific Program Total	No Specific Program	School Lunch Total	School Lunch
2010-11	\$8,432,249.52	19.80%	\$160,452.76	0.40%
2011-12	\$8,029,187.97	20.50%	\$134,612.16	0.30%
2012-13	\$7,241,592.14	18.10%	\$128,809.94	0.30%
2013-14	\$6,883,459.78	19.00%	\$139,911.32	0.40%

2014-15	\$6,758,644.60	15.20%	\$106,431.76	0.20%
2015-16	\$6,795,276.78	18.20%	\$94,917.67	0.30%
2016-17	\$6,615,647.70	18.40%	\$93,274.81	0.10%
2017-18	\$6,946,920.91	20.60%	\$69,155.26	0.20%
2018-19	\$6,977,267.74	16.90%	\$26,856.13	0.10%

4.2.3 Budget

Budgets for school districts are important because they show their stakeholders how they are operating and if they are increasing revenue or losing revenue. It was a snapshot of the performance of the district and how they responded on a yearly basis to the needs of the district and students. Each academic year the district published an annual budget along with any amendments or special appropriations after the local school board approved it. In Appendix E, there is an example of the modified budget from the district for the academic year 2019-20.

4.2.3.1 Budget Reporting (Deficit)

Briar Stone School District had a variation in influxes of non-residential students and exodus of residential students on a year basis (see Table 9). It was important for the district to have maintained a positive budget to show that their organizational and financial structures could withstand the changes that occurred. Unfortunately, during the 2005-2015 academics years, the district was in a deficit which showed stressors on their general fund. Each year, after reporting their deficit, the district continued to find ways to adjust their negative balance without losing existing structures that were in place, both financially and organizationally. Unfortunately, each academic year until 2015, the district had to continue to seek out more funding, cut programs/positions, and take concessions to build back a positive general fund. Since 2015, the district has maintained a positive general fund balance which showed that the district was being responsive while shifting how they operated.

The respondents were asked about the reporting process of their budget during the deficit years. Respondents 1 & 2 were noted as the only respondents that could speak to the process for which the district had to report their finances during the deficit time period. Respondent 3 was not in the district during this time frame and Respondent 4 was in a position outside of the administration center. During the deficit there were fundamental changes to their financial reporting. There was a plan that was created, collaboratively between the state superintendent and the local school board, in which the district had to meet monthly thresholds to show they were attempting to come out of the deficit (Respondent 1). In addition to monthly thresholds, the district had to submit their cash every month to the state and complete reports that were requested. As soon as the budget and audit were done for the academic year, these had to be turned over to the state for review.

As the district was working its way out of the deficit, it was still reporting to the state as the balance was still between the zero and five percent of the state mandated threshold. (Respondent 2). This process definitely shifted the way the district financially reported and provided ways in which to find flaws in their process and become more aware that anything that was granted to the district needed to be accounted for. Respondent 3 did note that the district matched each funding source with their respective expenses. These sources were from the federal, state, and local governments which allowed the district to align the needs of their residential and non-residential students to an itemized line item, which was a change to their budgeting practice. This practice allowed the district to become more responsive and allowed them to stabilize their general fund balance.

4.2.3.2 General Fund Accountability

Briar Stone School District operated very differently with funding prior to their deficit. They had a surplus of general funds that supplemented their programs and district needs. There was no need to change their organizational or financial structure. Unfortunately, the restructuring of their financial reporting occurred as they started to fall into a deficit. The deficit adjusted the district's practices to be more aware of what funds go where and what they had in their general fund.

The general fund for Briar Stone School District had many categories and functions, that are not listed on the district's budget as they are lumped together in the general fund. The general fund had categories and functions that are both revenues and costs to the district. As stated previously, it was extremely important for their director of finance to make sure that there was an even exchange between the two. For example, if the district was awarded \$100, 000 in Title I funds, the district would only allocate expenses not to go over that amount (Respondent 3). For Briar Stone School District, there were over 2000 separate line items that needed to be accounted and it was important that, on a monthly basis, what was allocated was spent accordingly to make sure that there was not a deficit of funds (Respondent 3).

In addition, in the general fund accountability there were three line items in the school district's budget that assisted to answer the second research question regarding the change in organizational structure. These line items were instructional and non-instructional staff, marketing, and special programming.

4.2.3.2.1 Instructional and Non-Instructional Staffing

The respondents were asked how instructional and non-instructional staffing played a role in the district's budget. As stated in the literature review, the personnel costs for the staff members

account for around 80% of a district's budget. The instructional and non-instructional staffing consisted of salary and retirement services, Michigan Public Schools Employees Retirement Services (MPERS) which were costly to the district and were a part of the everyday operating budgets to cover the costs, which greatly impacted the operating budget (Respondent 1 & 3). Respondent 3 also stated that the funding for instructional and non-instructional staffing "impacted the budget quite enormously." Respondent 4 noted that "anything that impacts the student population impacts the staff and there's a constant worry that if our numbers are low then there's going to be a layoff." These were compelling reasons to believe that any changes in the financial structure of the district would have an impact on instructional and non-instructional staffing.

As the district was operating in a deficit, the instructional and non-instructional staff were approached by the local school board and administration regarding a budget decision that would save the district money. Considering the budget deficit was high, the local school board and administration felt that the budget had forced them to turn one of their elementary schools into a charter school. Instructional and non-instructional staff and their union representatives were not happy about this decision and at the end of their discussions/negotiations, the instructional and non-instructional staffing agreed to take a pay freeze, along with a six percent concession until the district was out of deficit.

Each year there was a review to see if the instructional and non-instructional staff would be able to negotiate the concessions and pay freeze. As the district came out of the deficit, negotiations took place to retrieve funds for teachers. Now every two years, the district goes into negotiation to determine whether there was adequate funding (Respondent 2). Respondent 2 did note that the district was forced to "eliminate staff over the years...some support staff, counselors" and that the district "could use another three or four counselors and other instructional aides."

However, funding does not allow the district to meet these needs. As the district came out of the deficit and was over the 5% general fund threshold, the instructional and non-instructional staff members were able to receive their concessions and pay increases. Even with the surplus in the general fund, the district still remained understaffed because the budget does not allow for the hiring of staff, counselors, etc.

In addition to contracts, throughout the academic year, instructional and non-instructional staff were required to attend professional development seminars, as noted in Appendix D. These professional development seminars varied in the use of funds for these sessions. Some professional development seminars were paid through the local ISD, Title funding and/or grants. An example of the use of Title II funds was noted in Appendix D, from the June 13, 2016 board minutes. The minutes state that the district spent \$10,000 on the program EDUonGO, Inc, for virtual coaching for teachers. This program was used district wide. Other professional development seminars that were found in board minutes related to content area specifics such as math and reading and were also taken out of Title II funds. All of these professional development and training sessions offered were to support the teachers and their At-Risk, bilingual, and special education students with these new programs.

4.2.3.2.2 Marketing

When interviewing the respondents about the district's marketing plan, Respondent 2 noted that Briar Stone School District was one of the earlier districts in the county to establish a marketing plan/budget, which worked to recruit new students from neighboring communities along with the biggest urban school district in the Metro Detroit area. The marketing budget was \$100,000. Some of the marketing funds were spent on advertisements through Comcast cable. This was noted in the board minutes, Appendix D, on November 14, 2016, which noted that the district

paid \$21,635 to Comcast for advertising. In this same meeting, it was also approved to use the company Byrum and Fisk for marketing the district and in the June 15, 2018 minutes it was noted that the marketing firm was paid \$36,000 for their services. This company provided the district with marketing through the use of billboard that were displayed on and around the main roads of the school district (Respondent 2). In addition, this company assisted the district in fighting the misconception and reputation from school of choice acceptance that was being spread throughout the community and neighboring communities (Respondent 4).

In addition to ads for marketing, three of the respondents referred to the district's events that were held such as back-to-school nights and one-to-one meetings as they brought in a lot of students and their families (Respondent 2). In the board meeting minutes on September 12, 2016 it was noted that "1,300 people attended the movie and event." These events were highlighted in some of the board minutes ranging from 2015-20. Some examples of these events were walk-and-talks with the superintendent and administrative staff, reunions, and celebrations at a neighborhood park.

In addition to these marketing techniques/strategies, the district also hired a marketing director who partnered with various businesses, conducted interviews and highlighted various news events for the district (Respondent 1). Even with all of these marketing techniques/strategies, the district was still competing with bigger, well-funded districts for students, which sometimes strained the district's resources. An example of the competition within this county, there was a local school district which managed to advertise themselves or make themselves notable when people searched for Briar Stone School District (Respondent 3). Respondent 4 added that the district "had to recapture all of the ways that our website is accessed so that when you go to our website, or when you search our district another competitive school district stops showing up."

Due to the increased pressure from surrounding school districts and drop in student enrollment, Briar Stone School District had to revise their marketing budget. The local school board reviewed the school district's enrollment numbers to determine if the amount of funding that was being budgeted was bringing in the same number or additional students than what the district was losing (Respondent 3). Unfortunately, Briar Stone School District was losing both residential and non-residential students and decided that they could no longer afford to spend \$100,000 on marketing as it was not attracting students. Respondent 4 noted that the \$100,000 marketing budget was around the amount of a teacher's salary (Respondent 4). Respondents 2 & 3 noted that it would be difficult to compete with neighboring school districts as their budget was around five times more than their budget and the number of incoming students was dropping. By the conclusion of the study, the local school board and administration made the decision that the funding would be cut in half to \$50,000. This would free up funding that could be used for other special programs/resources (Respondent 3).

4.2.3.2.3 Special Programming

Briar Stone School District had a very small amount of special program offerings. Some programs that the district did provide were: Head Start/Young 5s program (discussed below), band, athletics, culinary arts, etc. Throughout the ten year time frame, the school district was able to sustain most of their own special programming. However, certain programs, such as technical and advanced educational studies, were outsourced to neighboring school districts/centers. This organizational decision allowed the school district to offer special programming to keep their current students and attract inter-district school of choice students while also keeping costs down.

4.2.3.2.3.1 District Programming

As stated above, the Briar Stone School District had some special program options for their students at all levels; K-12. However, it was limited due to funding. When asked if program offerings in the district impacted the district's fiscal health, Respondent 2 noted "100%." Due to budget constraints in the district, there were some programs that were eliminated (Respondent 1). Respondent 4, referred to these decisions as "one of those chicken and egg kinds of things as you can't offer programs if you don't have the money and you don't have the staff. You can't have the money in the staff if you don't have the kids." Respondent 4 went on to state that because the school district's full operating revenue is so low, "when you need a new roof or a boiler goes, any of that, you lose a program."

To retain and attract more students at the elementary school, the district was able to obtain a third Great Start Readiness Program (GSRP) that would then provide all elementary schools with this option. This allowed parents with children that were at-risk to bring them to the district to receive a high-quality education experience. Another preschool program that the district was able to offer was a Young 5s Program. This was a two-year program that provided a strong foundation for future success of students in all areas of learning by providing hands-on materials to assist the young learners. By the end of the program, students were prepared to enter first grade. These programs were funded through the state and provided the district with programming initiatives for their young students.

4.2.3.2.3.2 Outsourced Programming

When interviewing the respondents about the outsourcing of some special programs, all noted that due to the school district's funding and capacity (i.e., building and staff), the district decided to outsource some of their programs to neighboring districts. For example, some of the

technical programs that were offered in the district, were moved to a center-based program that was sponsored by a neighboring district with agreement from the local school board (Respondent 1). This agreement was noted in the November 9, 2015 board minutes found in Appendix D. When deciding to partner with a local school district, the school district agreed to provide the school district with a portion of the student's full-time education costs, which were a portion of the student's foundation allowance (Respondent 2). For reporting purposes of this study, it was important to note that there was an omission of students enrolled over 50% in the district. As stated above, there were neighboring school districts that provided programs as well as district programs where students came in (e.g., career pathways, special programming, etc.) which could skew the enrollment numbers.

4.2.4 District Enrollment/Exodus

When reviewing Table 9, there were numerous changes over the ten year time frame. Briar Stone School District attracted non-residential students at the same rate they were losing residential students through inter-district school of choice. Throughout the study's ten year time frame, the residential population that attended the district was smaller than the number of residential students leaving the district. In addition, the number of non-residential students in the district were higher than the number of residential students in the district. Even as the number of non-residential students started to decline, they were still the majority of students in the district. In addition, by the 2016-17 academic year, the number of residential students leaving the district were higher among the number of non-residential students in the district. These changes in student enrollment, over the ten-year time frame, showed that there was an issue with retaining both their residential and non-residential students.

During the interviews, the respondents were asked about inter-district school of choice and its potential impact on the district. It was noted, in the interviews, that the district needed to do a better job of working and communicating with the community about the benefits of having non-residential students in the school district. This would dispel some myths that were being discussed in the community regarding the type of students that were attending the school district. Respondent 4 noted that there was a misconception that the majority of the non-residential students were deemed at-risk learners when in fact that was the opposite. After reviewing the number of At-Risk students, Table 4, and student enrollment, Table 9, this could not be the case. There were over 86% of third grade students that were At-Risk, which means that a sizable portion of inter-district school of choice students were in the At-Risk group.

4.2.4.1 Enrollment Forecast Process

When asked about the process of predicting enrollment in the district, Respondents 2 & 4 noted the district's use of a program called Middle Cities and MI School Data as points of reference. Middle Cities is a program that helped the district to review their enrollment trends and predict how many students the district could potentially gain and/or lose each school year (Respondent 2). One example of how this program was used to make decisions, Respondent 2 noted that, "there were two years that we knew we were going to lose another 100 students and then another 100 students" and then there were years that "Middle Cities would say based upon your trends you'll lose 22 students this year." The program was also used to predict enrollment for when the district wanted to apply for grants/loans which, as stated previously by Respondent 4, the district was super reliant on grants. Respondent 2 noted that the projection of this program assisted when the district was considering looking for bonds/loan situations as the district needed to use a program as a source that was needed when applying for grants/loans.

The second data source, MI School Data, provided trends and was another resource that Briar Stone School District used to predict enrollment (Respondent 4). MI School Data also allowed the district to create reports that would show how many residential students attended a neighboring school district (Respondent 4). Respondent 4 also noted that there were administrators who knew their community and could forecast who was coming and who was leaving based upon conversations with the students and/or their families.

4.2.4.2 Competition

Briar Stone School District is one of many districts in the county that opened their school district to non-residential students. Table 9 highlighted the district's student enrollment counts which includes residential and non-residential enrollment. Upon review of the enrollment table for all ten academic years, each year there were more non-residential students in the district than residential students. In addition, it appeared that the district was close in numbers for a split between residential students in the district and residential students that left the district. From academic years 2010-2014, the non-resident enrollment surpassed the number of residential students that left the district. A clear example of this would be the 2010-11 academic year when there were 817 more non-residential students enrolled than residents that left the district. On the other hand, during the 2016-20 academic years, there was a steady rate of non-residential entrance and resident exodus.

When asked if inter-district school of choice was affecting the school district Respondent 1 noted that, "when competition was at its peak, the district was losing over 600 students to a surrounding district. This type of loss was crucial for a small district because those funds were being sent to the school of choice district to fund their programs and services. However, as the number of residential students increased, there were more non-residential students that were

coming via the bus line being near the district (Respondent 1). This decrease in non-residential students was as Respondent 4 noted “white flight.” Residential families started to notice a shift in the number of non-residential students and demographics and started to take move their students to neighboring districts which were not part of the bus line (Respondent 4).

The respondents also noted that inter-district school of choice brought more special education students into the district when asked about these students and their costs. Respondent 2 stated that Briar Stone School District took special education students that were located outside of the county. There were agreements that were reached to take students from these counties. Respondent 4 verified this by saying that the district took students outside of the district no matter the county in which the student resides, until the state put an end to this practice. By the time the state chose to end this practice, the district had already accepted a high portion of special education students from neighboring districts which accounted for 23% of students in the district (Respondent 4). This data can be found in Table 3 and reflects that there was an increase of special education students from 10-17%, with the higher percentage of students recorded for the last academic year. The incurred costs of special education students are especially important in completing the individualized education plans (IEP) for students according to Respondent 2. This cost required that the district use additional federal funding, through the use of Special Education grants, to hire special education teachers to meet the 15:1 student-to-teacher ratio. There were also additional costs that were not supplemented by the federal or state grant and that would create additional costs to the district that would have to come out of a general fund that was lower compared to their competitors.

Respondent 4 also wanted to note that another form of competition for Briar Stone School District was at the elementary level as neighboring school districts had established pre-school

programs at all of their locations. Prior to the 2016-17 academic year, the school district had two existing pre-school programs, however, they had three elementary schools. The elementary school that did not have an established pre-school program was not popular because parents in this locality of the district wanted a program for their pre-school students (Respondent 4).

Since this elementary school did not have an established preschool program, families kept their students in neighboring districts that offered preschool programs. When comparing the other two elementary schools, the district noticed that students that attended their Great Start Readiness Program also stayed in the school for at least their K-5 education (Respondent 4). The district was approached by their local ISD, who was seeking to find an elementary school in the county to start a Pre-K/Young 5's program. (Respondent 5). In the February 22, 2016 board minutes, Appendix D noted that the district unanimously approved the implementation of a Pre-K/Young 5's program beginning the 2016-17 school year. It was unclear from the student enrollment designation, if, in fact, this new program brought in both residential and non-residential students. However, it was an effective way for the school district to respond to a need that they knew the community was seeking.

Table 9: Briar Stone School District Enrollment

Academic Year	Residential Enrollment (FTE)	Non-Residential Enrollment (FTE)	Residential Opting SOC (FTE)
2010-11	1261	1830	1031
2011-12	1168	1916	1091
2012-13	1176	1781	1084
2013-14	1072	1547	1205
2014-15	1028	1498	1452
2015-16	1277	1511	1488
2016-17	1178	1489	1533
2017-18	1213	1380	1504

2018-19	1193	1354	1493
2019-20	1181	1391	1416

4.3 Summary

This research study was conducted to examine if inter-district school of choice could impact school districts existing organizational and financial structures. In New Institutional Theory, it is expected that organizations can withstand internal and external changes so Briar Stone School District could adjust to inter-district school of choice. The data collected consisted of both quantitative and qualitative. Quantitative data consisted of school district demographics, enrollment, and financial budgets. Qualitative data consisted of local school board agendas and minutes and interviews with four former school district representatives. The interviews were transcribed and member-checked by the respondents.

The results of this study highlighted four themes that were important to answer the study's research questions. The themes: administration, funding, budget, and district enrollment. Each of these four themes provided a distinct viewpoint when reported separately, but also had some overlap while also being influenced by each theme. One of the limitations of this study was that the two administrators declined to participate. This would have provided more context to each of these four themes and how these themes are connected to one another.

The data collection points provided an insight into how the district operated during the 2010-20 academic school years. Three of the four respondents noted that during this time frame, there were two separate administrators/personalities that resulted in changes that occurred during/after the 2015 academic school year. The changes were minimal but allowed the district to rethink their organizational practices. During the interviews, it was noted that the second administrator, Zach Levinson, was more of a process-oriented administrator whereas Benjamin

Simmons was more reactive in nature and was comfortable completing tasks through trial and error, which was costly. It was not until the deficit occurred that Benjamin Simmons changed his practices and organized to respond to state pressures. In addition, it was noted that Zach Levinson was more of a community engagement person where Benjamin Simmons did not like to engage with community members. The engagement practices of Zach Levinson were received well, however, it did not bring in additional number of students. In fact, unfortunately, more residential and non-residential students left the district, as Table 9 highlighted.

The data collection and discussions with respondents around funding concluded that the district was acting in a responsive way during their budget deficit. During this same time frame, there were an increasing number of At-Risk and special education students in the district, per Table 4, that allowed the district to start to receive more supplemental funding for their students. The additional funding that the district received for their students allowed the district to replenish their general fund and turn their negative fund balance into a positive one. Respondent 1 was the only one that noted that the change in demographics was not directly affected by inter-district school of choice. The remaining respondents, concluded that to some degree inter-district school of choice affected the district in terms of funding. The respondents noted that these funding mechanisms kept the wheels turning and instructional/non-instructional staff employed.

During the 2010-15 academic years, the district administrator, other administrators, and the local school board changed their organizational and financial practices, as discussed above, to address a budget deficit that was around -13.9% of what they should have in their general budget. In addition to the federal and state grants mentioned above, the school district's instructional staff (made up 80% of the budget) took a 6% concession until the budget would return to a positive

balance for at least a year. In addition, there were positions and special programs that were cut to increase their general funds budget.

The budget finally balanced itself during the 2015-16 academic year and allowed for the district to stay stagnant in terms of the number of residential students leaving the district and the number of non-residential students entering the district. Unfortunately, one year later, the number of residential students leaving the district would become higher than the number of non-residential students, even with a marketing budget of \$100,000. The numbers continued to decline into the 2019-20 academic year, which led to the slashing of the marketing budget in half to \$50,000. As Respondent 2 noted, the marketing budget was not providing the student numbers to sustain it. Respondent 4 also noted that the savings from this cut would allow the district to hire either an instructional and/or non-instructional staff member which was needed in the district.

As discussed throughout the three themes, the enrollment for the district had changed over this ten year time frame. The number of non-residential students started to decline while the number of residential students continued to rise. The marketing budget was slashed, instructional and non-instructional staff took concessions or layoffs, special programs were being cut and outsourced to neighboring districts and competition with the neighboring districts was hard considering their budgets were three to four times that of the school district's budget, per Respondent 4. These changes in enrollment, through inter-district school of choice, allowed the district to review and at times, revise, their organizational and financial structures to be responsive to both the internal as well as the external pressures. New Institutional Theory would suggest that the district sustained itself during this ten year time frame, without completely changing their cultural norms/structures but enhancing it to meet the needs of their current population of students.

CHAPTER 5: CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter will summarize the research study and its findings using the data collected in chapter four and the theoretical framework to address the research questions. In addition, this chapter will address implications for policymakers and practitioners who are responsible for inter-district school of choice policies and the metrics behind Michigan's foundation formula for school districts. Finally, the chapter will conclude by discussing implications for further research.

5.2 Summary of the Research Study

The purpose of this narrative case study was to provide an examination of inter-district choice of residential and non-residential students within the Briar Stone school district, and examine how these transitions affected the school district's financial and organization structures.

The two research questions that guided this study were:

(R1) What is the relationship between inter-district school of choice and the fiscal health of Briar Stone School District?

(R2) How does inter-district school of choice funding change the organization of Briar the Stone School District (i.e., school closure, human resource management, special programming, etc.)?

There were multiple data collection pieces for this narrative case study, containing both quantitative and qualitative information to answer these research questions. Data collection consisted of quantitative information retrieved from MI School Data (demographics, enrollment, and financial) and Briar Stone School District (budgets [annual, projected, and adjusted] and local school board minutes) for the academic years 2010-2020, as available. Interviews with four former school district representatives were collected for the qualitative portion of this research study.

Previous studies on school of choice have ranged from studying multiple school districts and multiple forms of school of choice and how these choice options have impacted both the financial and academics of school districts. This study was focused more on one small school district and one form of school of choice, inter-district school of choice, to see if, on a small scale, choice impacted the school districts' financial and organizational structure. To answer the research questions above, a narrative case study using mixed methods was created. During the analysis of the collected data four themes emerged: administration, funding, budget, and district enrollment/exodus. In addition, to the four themes that emerged, there were some sub-themes in three of the four themes which helped to discuss the findings. The analysis showed that each theme inter-related to one another and were influenced by one another. The summary of findings below will provide a discussion around the findings and the relation to New Institutional Theory.

5.3 Summary of Findings

The findings for this narrative case study provided evidence that Briar Stone School District presented some of the characteristics of New Institutional Theory in relation to their financial and organizational response to inter-district school of choice. Briar Stone School District was able to adapt, with some changes, to internal and external circumstances as a result of changes due to the inter-district school of choice policy.

5.3.1 Research Question 1: What is the relationship between inter-district school of choice and the fiscal health of Briar Stone School District?

Findings:

The findings for this research question were present in all four themes: administration, funding, budget, and district enrollment. Each theme addressed the relationship between inter-district school of choice policy and the financial impact to the school district and will be discussed

as a collective whole. In addition to the data collections points for this study, the researcher will provide some personal insight as to how these four themes interconnected with inter-district school of choice and the fiscal health of the school district.

Administration played a key role in how the district responded to inter-district school of choice and how their fiscal health would be challenged due to the change in student demographics. Benjamin Simmons and Zach Levinson were two completely different types of leaders which resulted in the distinct differences around funding the Briar Stone School District. Mr. Simmons was an administrator that was not much of a budget forecaster. This could be due to the fact that the district had never operated in a budget deficit or had a change in student demographics, so he followed the same cultural norms and practices as his predecessors. In addition, the district failed to see the connection between their budget and how it would be impacted by increases and decreases in the number non-residential students and the increased number of residential students that left the district even as the district had created a \$100,000 marketing budget to attract new students and retain residential students. Between the study's time frame of 2010-15, Mr. Simmons' tenure, the number of non-residential students had increased from the 2010-2012 academic years and then started to decline with each remaining year in this tenure. At the same time, the number of residential students, that left the district increased, with the exception of the 2012-13 academic year, which showed a decline of seven students in the district.

Mr. Simmons continued to ignore the change in demographics that were representative to the district and the general fund depleted year after year. It was not until the district was in a deficit, that he was forced to change strategies and review the district's financial outlook. The budget deficit started in 2005 with the budget sinking each year by around \$1 million between the 2005-2008 academic years and then around half a million during the 2008-09 academic year. The deficit

would start to decline by marginal numbers around the 2009-10 academic year. By the 2012-13 academic year, they started to show less progress as the general fund for the 2011-12 academic year was a negative \$4.3 million and by this year it was a negative \$2.24 million. During this time frame, Mr. Simmons relied on the assistance from local school board members, other administrators in the district, and his financial director to seek out funds that the district qualified for.

It was clear that the shift in enrollment was an important part of the school district's fiscal health because the changing demographics created a higher number of At-Risk, English Language Learners, and special education students. Students in this category created added costs to the district to support their educational needs. During the interview with Respondent 4 it was clear that Mr. Simmons was not using existing data (MI School Data and Middle Cities) to be responsive to the district's change in demographics which was accompanied by student enrollment. Respondent 4 noted that it took an elementary school administrator to seek out grants for his/her building. This administrator noticed the change in demographics of students and started to apply for both federal and state funds that assist these learners. The curriculum director, as noted in the interview with Respondent 4, followed the practices of the elementary administrator and started to seek out federal and state funds that were geared towards the new demographics of the school district. These added funds provided the district with a way to build the general fund while shifting some of the costs for the students to the federal and state funds that were provided. During the 2012-15 academic years, the general fund balance moved in a positive direction. By the end of Simmons' tenure in 2015, the district reported its first positive general fund balance since 2005.

Zach Levinson started his administration with a positive general fund balance and the district stayed in a positive general fund balance for the remainder of this study. During his

administrative term, Mr. Levinson was seen as a more process oriented /forward-looking person. He used MI School Data and Middle Cities to project the number of students the district would gain and/or lose. Based upon these projections, he was able to seek out grants that would assist with the funding of student programs to meet their educational needs. In addition, he also used the marketing budget to retain residential students and attract non-residential students by highlighting the district's successes, creating opportunities to meet with administration during one-on-ones (during the summer), holding beginning of the year events, and other events throughout the academic year.

These marketing strategies, unfortunately did not retain more students or add more inter-district school of choice students. During the 2015-20 academic years, the student enrollment for the district was on a slow decline, which did not change the student demographics of the district. It was important to note that the enrollment of residential students during the 2015-20 academic years declined by around 96 students. There was also a small percentage of non-residential students leaving the district. Between the 2015-20 academic years, there was a decline of around of 120 non-residential students. As the number of inter-district school of choice students declined, the number of residential students leaving the district varied by academic years. During the 2015-19 academic years, the number of residential students leaving the district was around 1,500 students. By the 2019-20 academic year, the number was 1,416 students. The student enrollment fluctuations correlated, to an extent, with the district's general fund balance declining. However, there were other factors that will be discussed in research question two that played a factor in the general fund decline over the years.

To conclude, the New Institutional theory stated that organizations need to be adaptive to changes within their internal and external environment. Administrators should not be comfortable

with following traditional norms and practices when the environment demands a response. Mr. Simmons wanted business as usual and did not want to address the increasing enrollment of inter-district school of choice students or increasing number of residential student's leaving the district and how these factors would change the budget structure for the district. The district was losing students while also acquiring more students that would come in with additional costs of educating them. If he would have reviewed the district's changing demographic and let data inform his decisions, he would have known that shifts in budgeting would have to change to meet the needs of the students coming into the district. He did not adapt to these changes in norms and policies, related to the general fund, until it declined and the school district was forced to report to the state. There were other administrators in the district that adapted to this change in student demographics and sought out resources/grants which allowed the general fund to start to regain its lost funds.

Mr. Levinson took over the position with a positive general fund balance and was able to adapt to changes, even minor ones, in student enrollment over the remaining five years. He was willing to look at various funding sources and kept an eye on the demographics of the district while keeping the district's norms and practices intact. For example, due to the district's high number of students that resided in low socioeconomics households, the district was able to find funds to provide free breakfast and lunch to its students.

For school districts that participate in inter-district school of choice, administrators/districts need to be financially prepared for yearly increases and decreases in enrollment. These shifts in student enrollment can cost the district financially in terms of losing students while keeping the same fixed costs (i.e., human resource management, building needs) or additive costs to students that are entering the district to meet their educational needs. As seen in this narrative case study,

unresponsiveness created a financial loss to the district's budget which would result in state mandated reporting and took a decade to balance its budget.

5.3.2 Research Question 2: How does inter-district school of choice funding change the organization of the Briar Stone School District (i.e., school closure, human resource management, special programming, etc.)?

Findings:

The findings for this research question were present in all four themes: administration, funding, budget, and district enrollment. Each theme addressed the relationship between inter-district school of choice funding and the change in the organizational structure of the school district. In addition to the data collection points for this study, the researcher will provide some personal insight on how these four themes correlated with one another in response to organizational changes such as discussions around the district consideration to charter one of their elementary schools, human resource concessions and position eliminations, and special programming (in-district vs. outsourcing).

As referenced in research question one, the school district went through a budget deficit for five of the ten years that were studied for this narrative case study. During this time frame, there were influxes/exodus of non-residential students and residential students leaving for neighboring school districts on a yearly basis. The non-residential students helped to fund the loss of residential students. However, even with their funding, the costs of education for these students placed a burden on the general funds for the first five years of the study which required that the district restructure organizationally. There were two areas that inter-district school of choice needed to restructure and/or reformat: human resource management and special programming.

In the literature review and the results, it was noted that human resource management makes up around 80% of a school district's budget. As the district was going through the budget deficit, administrators and the local school board met to find ways to decrease this budget. One of the first considerations was to turn one of their elementary schools into a charter school. The local school board, along with administration, brought this idea to one of the school board meetings. Needless to say, the teacher's union and teachers that attended were not happy about this decision and negotiations took place to find a better resolution. The negotiations resulted in, Respondent 4 noted, the instructional staff taking concessions and pay freezes until the district was over the 5% positive general fund balance threshold. Respondents 2 & 3 noted that the teacher's union met with the administration to discuss the concessions and it was not until the 2019-20 academic year that the instructional staff would be able to recoup their concessions and pay increases. During this academic year, the district's general fund balance dropped drastically from 6.8% in 2018-19 to 0.90%. This could be due to the student enrollment of non-residential students decreasing, an increase in residential students leaving, and instructional staff receiving their concessions and pay freezes. Considering the drop in general funds, it would be interesting to see if the district starts to negotiate again for concessions and/or instructional and non-instructional layoffs.

There is no question that the first staff members to be laid off would be non-instructional staff. However, even with the decrease in both residential and non-residential student enrollment, the needs of the students have not changed. The federal and state grants that were requested of the district (i.e., At-Risk, Section 31A, Section 41, and IDEA) provided the funding for these non-instructional staff. This meant that their positions would not impact the general fund and the district would have to find other ways in which to save their general fund.

During this ten-year time frame, the researcher noticed the increase in the number of split classrooms (two different grade levels). This allowed the district to assign their instructional staff (fixed cost) to have split classrooms that fully utilized the classroom space. In addition, the instructional staff, at the secondary level, have been adjusted to ensure that teachers have a certain number of students in the classroom to maximize the size of the classroom space. In addition, when there were openings in the district, the administrators and local school board, made sure that there were no instructional staff members in the district that could fulfill these needs. These approaches were good ways to utilize the instructional staff to the fullest without having to increase costs. The downside is that special programming became affected by these decisions.

The Briar Stone School District offered special programming. However, it varied throughout this time frame. The district used to offer a variety of technical and non-technical programs; the budget deficit caused these programs to either be outsourced or eliminated. Respondent 1 noted that the district used to have technical programs. However, due to the budget constraint, the district outsourced all technical programs to a neighboring school district. For the non-technical programs, Respondent 4 noted that, when a boiler goes or other operational costs are needed, the district loses a program, which was the case. Note: foreign languages such as German and French were eliminated when the instructional staff members that taught the courses left the district. The outsourcing of special programs became the way to save operational costs (i.e., staff member and building/program costs) as these programs were not shown to be the deciding factor for students entering and/or leaving the district.

These changes to the organizational structure of this school district provided evidence that the district was impacted by inter-district school of choice, both positively and negatively. The positive attributes of inter-district school of choice would be the change in demographics that

allowed the district to receive more funding for non-instructional staffing, additional professional development for instructional staff, and additional resources for students. The negative attributes of inter-district school of choice would be the concessions and pay freeze for the instructional staff as well as the elimination of special programs. This showed that the actions or sometimes lack of action, allowed the administrators to review their student enrollment on a yearly basis alongside the district budget in order to apply for federal and state grants to support the district and their students' needs.

5.4 Conclusion

This narrative case study provided a small scale view of the financial and organizational health of a school district that participated in inter-district school of choice. The district chosen was small and the community ranged between low and medium socioeconomic status. Should this study be replicated, the changes could vary based upon either the size of the district and/or the socioeconomic status of the district. In addition, the number of non-residential versus residential student leaving could also play a factor. In addition, the number of school district representatives could be higher in number to address different perspectives. With all that said, this narrative case study does provide quantitative as well as qualitative data to suggest that inter-district school of choice played a role in both the financial and organizational structure of the Briar Stone School District.

The article from Pogodzinski, et al (2018) and varying dissertations on this topic, have alluded to the fact that when accepting inter-district school of choice students, it sets winners and losers. For school districts that have capacity, adequate funding and organization, they will attract more inter-district school of choice students and it will not affect their financial and organizational structure. For school districts that are smaller and have less funding, they could attract more non-

residential students, like in this case study, but can also force more residential students out which, in the end, caused stress to this school district's financial and organizational structure. Districts should be cautious and review their existing financial and organizational structures before deciding if inter-district school of choice is beneficial for them.

5.5 Implications for Policymakers and Policy Enactors

This narrative case study focused on Michigan's Section 105 and 105c, inter-district school of choice and how this policy influenced the organizational and financial structure of one small school district in the Metropolitan Detroit area. The theoretical framework for this study, the New Institutionalism Theory was applied to explain and provide support on how school districts behaviors and structures could be interrupted to respond to external changes (i.e., state and federal mandates/grants) to gain resources and information that is necessary to survive in today's competitive school market.

It is important for proponents of school choice in the legislature to take into consideration how this policy creates winners and losers among districts, some of which are not able to recover. In particular, as discussed in the New Institutional Theory framework, it is important to understand not only the winners and losers but also how the changes in student enrollment affect districts current organizational structure, rules, norms, and culture of the school district. Michigan is one of the only states to use expansive school of choice options. Legislatures should also consider potentially placing a cap on the number of students that can move into another school district. In addition, there should be considerations for a restriction on how many times a student can use the inter-district school of choice options throughout their K-12 experience. Considering that the districts receive foundational allowances for students at two points in an academic year, the school

district could be financial distressed by students who chose to switch districts half-way through the academic year.

Legislatures should also review the foundation allowance allocation to examine if school districts that accept inter-district school of choice are receiving a fair and equitable amount of funding for the students. As stated in the literature review, the Briar Stone School District was accepting students whose foundation allowance, in their residential district, was higher than Briar Stone's. Districts that accept students from districts that receive a higher foundation allowance should be allowed to keep the remaining balance to provide the student with the same resources that were issues for them to be successful.

Finally, the foundation allowance has not been reviewed, to the researcher's knowledge, to make sure that the funding that is provided to the school districts, meets the equitable needs of the students that are in the district. Equitable resources are necessary to provide districts with the resources that are needed for students to meet the requirements to be college or career ready. For example, the Briar Stone School District, Respondent 2 noted that the district could use more counselors and representatives from the Department of Human Services to meet the needs of the students. These considerations would assist districts that accept inter-district school of choice with the costs of educating students outside of their district.

5.6 Implications for Further Research

Research on inter-district school of choice and organizational/financial implications for school districts is limited. One of the main objectives of this narrative case study was to conduct a study based on a research article by Pogodzinski et al. (2018). In the conclusion of the article, it discussed how choice creates "winners and losers in terms of increasing or decreasing enrolment...which ultimately impacts financial stability of specific school districts, and over time,

academic quality” (p. 639). The article provided an analysis with numerous school districts, in three metropolitan area counties. This narrative case study was scaled down and focused on one school district and one method of choice, inter-district. To replicate this study, researchers should seek out more school districts, in varying counties, that are of the same/comparable size in student enrollment and that have an increased and/or decreased number of student enrollment through the inter-district school of choice policy.

Pogodzinski et al. (2018) article also addressed the academic outcome for both students that are residential and non-residential. In this case study, academics were not addressed, however, it could be interesting to see if the needs of the students, both residential and non-residential, are being met or if there were declines in academics. In addition, further studies would benefit from surveying parents of all three dynamics (resident, non-resident, resident exodus) to understand their perception of inter-district school of choice and the decision they made for their student(s). In addition, this survey should address how parents believe their child is doing compared to previous years (i.e., academic, behavioral, etc.).

APPENDIX A



IRB Administration Office
87 East Canfield, Second Floor
Detroit, MI 48201
Phone: (313) 577-1628
www.irb.wayne.edu

CONCURRENCE OF EXEMPTION
IRB-20-11-2955-B3 Expedited/Exempt-EXEMPT

DATE: January 11, 2021
TO: Lucas, Lori, Teacher Education
Hill, William, Administration & Organization Stud
FROM: Millis, Scott, Professor, B3 Expedited/Exempt
Financial and Organizational Review of One School District within the Metropolitan Detroit School District in Response
PROTOCOL TITLE: to Inter-District School of Choice.
FUNDING SOURCE: NONE
PROTOCOL NUMBER: IRB-20-11-2955

The above-referenced protocol has been reviewed and found to qualify for Exemption according to category 2

Health Pandemic Note to PI: This IRB approval does not replace administrative or department/college/division approvals that may be required for the resumption of clinical research. Administrative review may be required at the research site, therefore **before** initiating in-person research activities please contact the study ~~site~~ administration.

The following attachments and consent/assent documents have been reviewed and approved by the IRB.

Notes:

NOTE TO PRINCIPAL INVESTIGATOR: Due to the COVID-19 health crisis, the resumption of human participant research is occurring in measured phases which incorporate institutional, state, and federal regulations and best practices.

Currently the following research activities are ongoing:

(I) Human participant research that can maintain remote study interventions/visits as per IRB approval.

(II) In-person research that can provide a potential direct benefit to the participant. In-person research activities require additional precautions to protect both the participant and the research staff. The Principal Investigator should review the IRB#s Appendix N: Resumption of In-Person Clinical Research Form for instructions. For more information regarding Appendix N and IRB resumption of research requirements visit: research.wayne.edu/irb/coronavirus.

When clinical research is conducted in a clinic/hospital setting, please follow that sites COVID-19 precautionary standard operating procedures. For research conducted at a WSU research facility, refer to the university guidance. Information on restarting WSU research operations can be found at: research.wayne.edu/coronavirus/restart guidance.

For more information regarding IRB submission requirements and instructions visit the IRB Forms and Submissions Requirements website: research.wayne.edu/irb/forms-requirements-categories. For more information about the phased resumption of human participant research visit: research.wayne.edu/irb/coronavirus.

If you have questions please contact the IRB Administration Office, email: irbquestions@wayne.edu or telephone: 313-577-1628.

NOTE TO PI: This project has been given a Status Check-In Date. The Status Check-In Date is 01/04/2023. The Minimal Risk Status Update Form should be used to provide a status report to the IRB. Please submit the status update at least 6 weeks before this date. The Minimal Risk Status Update Form is available on the IRB's Forms and Submissions website (www.irb.wayne.edu). The Minimal Risk Status Update should be submitted as an expedited amendment via ~~eProtocol~~ with the Minimal Risk Status Update Form. Include the Minimal Risk Status Update Form as an Attachment using the label: Minimal Risk Status Update.



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Note to PI: Because your study meets the criteria for exempt category 2 and involves the collection of identifiable data not subject to the existing privacy protections that HIPAA regulations provide, a limited IRB review was conducted to ensure adequate protection of identifiable data.

Protocol/Proposal/Dissertation (received 12/09/2020)

Behavioral Research Informed Consent (dated 12/15/2020)

Recruitment Email

The following data collection materials have been reviewed and approved and does not require a WSU IRB stamp for use. These documents are approved and noted in the IRB file (1): Interview Questions.

Medical records are not being accessed therefore HIPAA does not apply.

Attachments

~~Lucas.ac1272.Dissertation_revised~~ draft
Email to participants
Interview ~~Questions.pdf~~
appendix_m- limited_irb_review-corrected 2 1 19
APPROVED behavioral_adult_research_informed_consent_template_v_03-2019-1-1
~~Lucas.ac1272~~ Professional Record
APPROVED Email to participants-1
Lucas_ac1272_Prospectus
behavioral_adult_research_informed_consent_template_v_03-2019-1
Case Study ~~site IRB~~ letter

* Exempt protocols do not require annual review by the IRB, however you may have been granted a Status Check-In Date. Projects granted a Status Check-In date must submit a Minimal Risk Status Update Report at least 6 weeks before the check-In date. If research activities are complete a Final Report/Closure must be submitted by the Status Check-In date.

* All changes or amendments to the above-referenced protocol require review and approval by the IRB BEFORE implementation.

* Adverse Reactions/Unanticipated Problems AR/UP must be submitted on the appropriate form within the time frame specified in the IRB. In the event of an unexpected problem use the Unanticipated Problem Report Form.

Note: Studies conducted at DMC sites or DMC medical record used for affiliate review Authorized DMC personnel have been added to this submission under Personnel Information "Other".

Administration Office Policy www.irb.wayne.edu/policies-human-research

NOTE: Upon notification of an impending regulatory site visit, hold notification, and/or external audit the IRB Administration Office must be contacted immediately. Also Notify the IRB of any changes to the funding status of the above-referenced protocol.

To view stamped documents associated with this approval, please see the Protocol Information- Attachments section-IRB Initial Approval Stamped Documents.



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Review Type: EXEMPT
IRB Number: B3 Expedited/Exempt Review

APPENDIX B**Interview Questions – Original**

- How far in advance do you forecast funding for each academic year?
- What is the process for allocated funding/budgeting in the district?
- How do you forecast enrollment for each academic year (i.e., metrics used)?
- Do inter-district transfers affect enrollment forecast? If so, how and why?
- Has the school district changed funding/budgeting from previous years? If so, how and why?
- Did inter-district transfers financially change the budget/resources allocations for this school district? (i.e., instructional costs, programming, etc.) If so, how and why?
- During academic years 2010-2015, the school district was operating in a deficit. How has the district financially strategized while working in a deficit? Did the district have to report to the state? If so, what documents or reports did the district have to report?
- Are program offerings impacted based on the fiscal health of the district? If so, how and why?
- In recent years, there was a change from the school district operating their own transportation of students. This has since changed and now the district outsources transportation. Could you elaborate on the decision to go from district run transportation to outsourcing transportation?
- How did the revenue/finances of the district impact staffing (instructional and non-instructional) within the school district?
- Considering that research shows that districts allocate around 80% of funds for salaries, can you provide contextual information on the district's negotiation with the teachers in relation to raises/bonuses during this time frame?
- Does the district market the district to compete with local school districts? If so, how?

APPENDIX C**Interview Questions – Final**

- How far in advance do you forecast funding for each academic year?
- How do you forecast enrollment for each academic year (i.e., metrics used)?
- What is the process for allocated funding/budgeting in the district?
- Do inter-district transfers affect enrollment forecast? Please explain.
- In relation to special education inter-district transfers, were there additional costs/services incurred to the district that are not covered by the foundational allowance for the student? Please explain.
- In relation to English Language Learners (ELL) inter-district transfers, were there additional costs/services incurred to the district that are not covered by the foundational allowance for the student? Please explain.
- Has the school district changed funding/budgeting from previous years? Please explain.
- Did inter-district transfers financially change the budget/resource allocations for this school district (i.e., instructional costs, programming, etc.)? Please explain.
- During academic years 2010-2015, the school district was operating in a deficit. How has the district financially strategized while working in a deficit? Did the district have to report a financial plan to the state? If so, what documents or reports did the district have to report?
- Do program offerings impact the district's fiscal health? Please explain.
- Your school district now outsources its transportation for students. Could you elaborate on the decision to go from district run transportation to outsourcing transportation?
- How does the district's revenue impact staffing (i.e., instructional and non-instructional)?
- Research shows that districts allocate around 80% of funds for salaries. Based on this information, could you provide contextual details about the district's negotiation with the teachers as it relates to raises/bonuses during the 2010-2020 time frame?

- Does your school district market to compete with other local school districts? Please explain

APPENDIX D

Abbreviated Board Minutes from 2015-2020

Date	Topic	Notes from Minutes
2/8/16	Title I Funding	READ 180/MATH 180 - The Board approves the invoice for Houghton Mifflin Harcourt in the amount of \$10,600.00 for classroom support for Math 180 and Read 180. This will be paid with Title I funds. Motion carried unanimously.
3/9/20	Title I Funding	The Board approves the invoice in the amount of \$5,035.65, to purchase the book titled, "The Lemonade War" for each elementary student. This will be paid from Title One funds. Motion carried unanimously.
3/9/20	Title I Funding	The Board approves the invoice in the amount of \$4,341.00 for Lakeshore Language Instant Learning Centers Complete kits for grades K-5 and Phonics Instant Learning Centers Complete Set for grades 1 and 2. This will be paid from Title One funds. Motion carried unanimously.
12/14/15	Title I Funding	The Board of Education approves the renewal of Grapeseed in the amount of #25,830.00 contingent upon revision of the contract duration to one year. This will be paid with Title I funds. Motion carried unanimously.
4/25/16	Title II Funding	The Board approves the invoice for EDUonGO, Inc. in the amount of \$10,000 for virtual coaching for teachers. This will be paid with Title II funds. Motion carried unanimously.
9/12/16	Title II Funding	The Board approves the renewal for Moby Max in the amount of \$4,638.00. This will be paid with Title II funds. Motion carried unanimously.
8/12/19	31A Funds	The Board approves Grape City, Inc. for Grapeseed in the amount of \$81,391.00 for the 2019-2020 school year. Motion carried unanimously. This will be paid with 31A funds.
11/9/15	Local Funding	The Board of Education approves the resolution to refinance our 2006 Refunding Bonds. If refinancing is not a benefit, Miller, Canfield will not recommend proceeding with the transaction. The projected net present value savings is about \$213,000.00. This savings is net of all costs of issuance.
11/23/15	Local Funding	The Board of Education adopt the Resolution to Impose a Summer Property Tax Levy as per the enclosed. Motion Carried Unanimously. (Note: This is an annual occurrence.)
6/13/16	Local Funding	The Board approves the Resolution Authorizing Issuance of Notes in Anticipation of School Aid in an amount not to exceed \$6,600,000.00. Motion carried unanimously.
2/22/16	Local Funding	Superintendent reminded everyone that there is a millage vote on March 8, 2016. We are asking our business owners for an additional \$160,000 and also a renewal of our existing millage. Also, March 8th there will be no school due to the election. Staff will report for professional development.
6/13/16	Local Funding	The district is able to collect the full 18 mills approved by the voters in March 2016, which will bring \$156,000 of revenue. To help meet our financial goals, one of the district's vendor agreements has been

		amended to bring extra revenue this year with extra payments to them over the next two years.
11/23/15	Grant Funding	The Board of Education approves the F.I.R.S.T. Robotics Grant. This is a cash match grant. The district's portion will be 25%. The amount is \$4,000.00, \$2,000 for this year, \$2,000 for next year. Once the Purchase Order is sent, the school will receive the money. January 9, 2016 kick-off of the competition.
4/25/16	Grant Funding	The Board approves the bid from Great Lakes Recreation for the purchase and installation of playground equipment at Parker Elementary school in the amount of \$19,862.00. This will be paid with GSRP grant funds. Motion carried unanimously.
6/13/16	Grant Funding	The Board approves the invoice for Heinemann Publishing for the LLI (Leveled Literacy Intervention) System in the amount of \$19,653.91 for the 2016-2017 school year. Due to deadlines, this was pre-approved. This will be paid with the Early Literacy Grant. Motion carried unanimously.
1/23/17	Grant Funding	The Board approves the invoice for Ucodemy in the amount of \$7,000.00 for Coding at the Middle School. This will be paid with the Yahoo Grant. Motion carried unanimously.
6/13/16	Professional Development	The Board approves the agreement with Strategic Intervention Solutions for Staff Professional Development for Math for the 2016-2017 school year in the amount of \$26,400.00. This will be paid with Title II funds. Motion carried unanimously.
6/13/16	Professional Development	The Board approves the agreement with Core School Solutions for Staff Professional Development for Reading for the 2016-2017 school year in the amount of \$6,000.00. This will be paid with Title II funds. Motion carried unanimously.
6/13/16	Professional Development	The Board approves the invoice for EDUonGo for staff training for virtual course development for the 2016-2017 school year in the amount of \$10,000.00. Motion carried unanimously.
8/10/15	Marketing	Examples: Celebration at Smith Park - Neighborhood watch; Board Rd reunion: hundreds of community and former community members together to enjoy the beautiful weather, family and friends, and School Celebration Day
6/27/16	Marketing	Signs have been posted on our school complex boundaries for our 'Walk and Talk' meeting campaign. Three days a week anyone can request a walk and talk - a 20 minute meeting with the superintendent and admin staff.
9/12/16	Marketing	Superintendents Report: We had a great welcome back with 1300 people attending the movie and event.
11/14/16	Marketing	The Board awards the district Marketing contract to Byrum and Fisk. The contract will run thru June 30, 2017. Motion carried unanimously.
11/14/16	Marketing	The Board approves the invoices for Comcast in the total amount of \$21,635.00 for advertising. This will be paid from the Marketing budget. Motion carried unanimously.
6/25/18	Marketing	The Board approves the Marketing RFP for Byrum & Fisk for a cost of \$36,000.00 for the 2018-2019 School year. Motion carried unanimously.
8/22/16	Transportation	The Board approves the contract with a local school district for Regular Education Transportation for the next 36 months. Motion carried unanimously.

6/25/18	Competition	The Board approves the agreement with County Community Action for the Head Start Program at Trinity Elementary for the 2018-2019 school year. Motion carried unanimously.
11/9/15	Outsource Programming	The Board of Education approves the Extension of the Cooperative Agreement with a local school district for participation in the Career Preparation Center for the 2015-2016. Motion carried unanimously.
11/9/15	Outsource Programming	The Board of Education approves the Extension of the Cooperative Agreement with a local school district for participation in the Career Preparation Center for the 2015-2016. Motion carried unanimously.

APPENDIX E**Briar Stone School District 2019-20 Budget****RESOLUTION FOR THE ADOPTION OF GENERAL APPROPRIATIONS**

RESOLVED, that this resolution shall be the General Appropriations for the fiscal year 2019-2020 and the disposition of all income received. BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the general fund for the fiscal year 2018-2019 is as follows:

REVENUES:

Local	\$2,403,248
State	\$24,916,316
Federal	\$1,881,458
Other sources	\$201,520
Total Revenues	\$29,402,542
Fund balance, July 1, 2018, estimated Less appropriated fund	\$762,937
Fund balance available to	0
Total available to appropriate	\$30, 165,479

BE IT FURTHER RESOLVED, that \$ 30,165,479 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES:

Instruction:	
110 Basic	\$ 15,623,844
120 Added Needs	3,358,586
130 Adult Education	0
Support Services:	
210 Pupil	2,407,659
220 Instructional Staff	707,930
230 General Administration	526,731
240 School Administration	1,698,427
250 Business	667,174
260 Operation and Maintenance of Plant	2,452,685
270 Pupil Transportation	510,898
280 Central	708,636
293 Interscholastic Sports	300,495
300 Community Services	44,000
400 Prior period adjustments	
500 Debt Service	415,387.00
600 Fund modifications,	48,280

Total Appropriated	\$29,470,732
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Fund balance, June 30, 2020, estimated \$ 694,747

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ABSTRACT**ORGANIZATIONAL AND FINANCIAL CONSIDERATIONS OF INTER-DISTRICT
SCHOOL OF CHOICE ON ONE SMALL SCHOOL DISTRICT IN THE DETROIT
METROPOLITAN AREA**

by

LORI LUCAS**December 2021****Advisor:** Dr. Ben Pogodzinski**Major:** Educational Leadership and Policy Studies**Degree:** Doctor of Philosophy

The research study investigated the organizational and financial structure of a school district that participated in inter-district school of choice. The goal was to see if inter-district school of choice had any influence on these structures. The literature that was reviewed highlighted the various organizational and funding mechanisms that school districts need to account for when considering accepting policies such as inter-district school of choice. The theory chosen, New Institutional Theory, was chosen as it provided a cohesive organizational structure (i.e., norms, structures, practices, cultural, etc.) outlook that provided the insight needed to investigate both organizational and financial structures of a school district.

The research school district was chosen as some of my committee members have completed a similar study with this district only using more school districts in three counties. This study was conducted on a smaller scale using mixed methods. Quantitative data consisted of MI School Data (student demographics, financial, and student enrollment) and school district budgets (annual, projected, adjusted). The qualitative portion that was collected consisted of school board agendas and minutes as well as interviews with four former school district representatives.

The findings in this study found that the school district had to make some necessary changes to their organizational and financial structures given that the school district was losing students to neighboring districts while also receiving non-residential students. The district was in a deficit during a portion of the study and were able to increase their revenues using varying organizational and financial strategies. Organizational changes that were notable were in administration (superintendent switch) and funding. Administration played a role in forecasting student enrollment to determine if there were changes in student enrollment. In addition, it was important for administration to get a better understanding of the change in student demographics that was happening as a result in inter-district school of choice. Based upon these changes, the district was eligible for federal and state grants and also were approved, by the community, for two enhancement millage's. The use of the federal and state funding and the enhancement millage's were used for educational needs which allowed the district to use their general funds for basic needs such as instructional and non-instructional support, building repairs, and other needs that cannot be funded with federal and state funds. It was noted that policy enactors should start to review Michigan's foundation allowance (i.e., formula) and cap on the number of inter-district school of choice. This would provide school districts with a more structured way forecast their enrollment for school districts to make decisions for the district's financial and organizational structure.

AUTOBIOGRAPHICAL STATEMENT

My K-12 experiences in Detroit Public Schools provided me with a great learning experience both inside the classroom and outside. During my junior and senior year in high school, I attended Golightly Career and Technical Center where I studied accounting and finance. This experience was amazing as I was able to compete in state competitions and during my senior year, I was the first female student to win the student presidency of my wing. I would not have even thought of myself as a leader if it was not for Mrs. Thrasher. She was the best mentor that I could have asked for. Upon leaving high school I became pregnant and there was a lot of doubt about me attending a higher education institution.

As a result, my ultimate goal as a young adult was to prove that you can be a single mom and still go to school. I was afforded the great opportunity to work at Wayne State University (WSU) through a visit to my old career and technical center, Mrs. Thrasher. Her friendship with a professor at WSU led me to start my career which led to various positions and education. During my twenty-four years at WSU has provided me with numerous job positions from grant assistant to secretary to assistant director to lecturer. During this timeframe I completed my bachelors in corporate finance, masters of arts in teaching in elementary education, masters of bilingual education, educational specialist degree in special education: learning disabilities, and finally to my final program: educational leadership and policy studies.